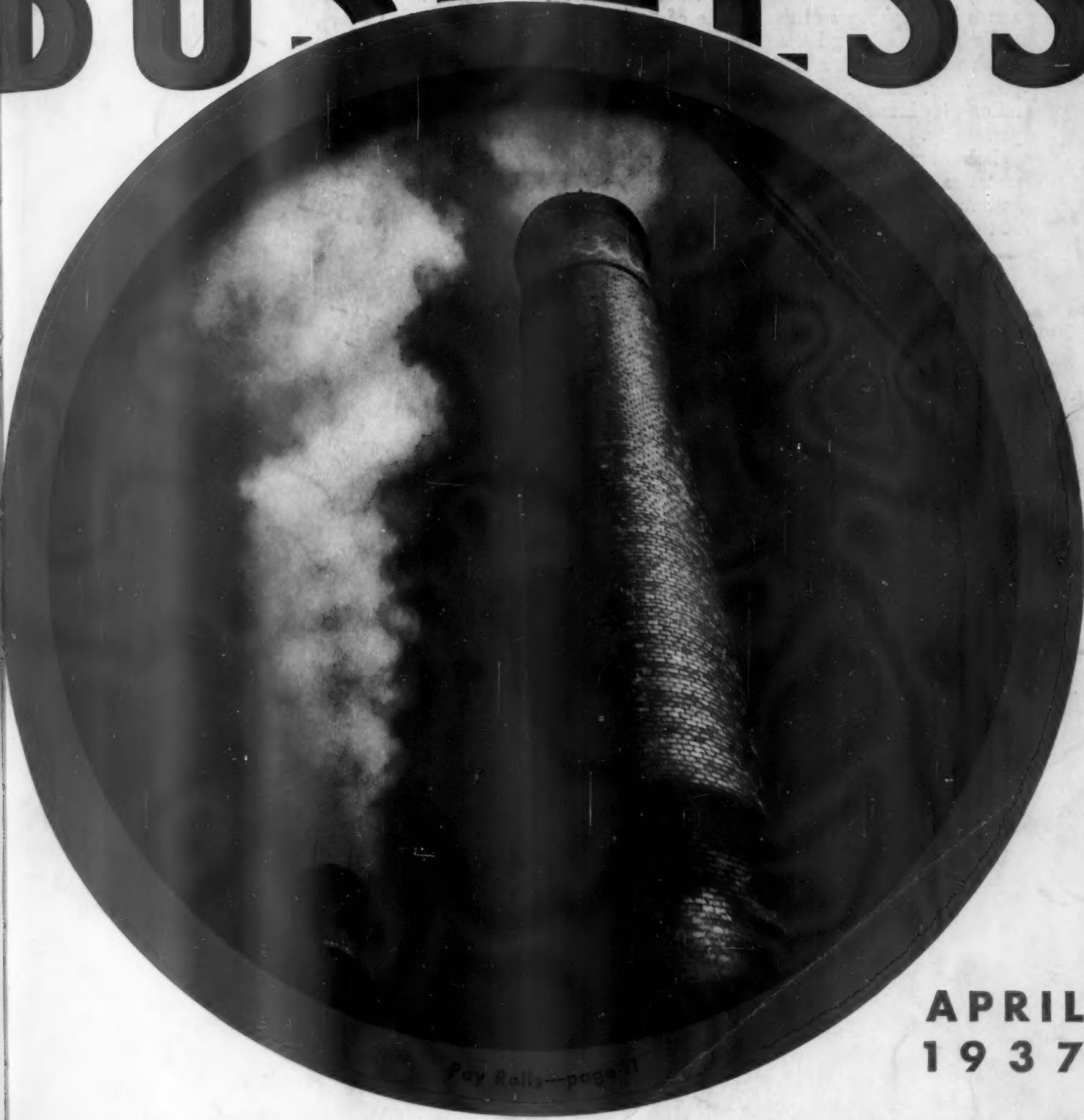


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NATION'S

MAR 29 1937

# BUSINESS



APRIL  
1937

Pay Rolls—page 1

Don't Fear the Robinson-Patman Law by Dorsey Hatfield • Relief Marches  
On by Charles Stevenson • Is Use of Natural Resources Waste?

# Long Distance Rate Reductions bring far-away friends **NEARER and NEARER**

A SERIES of rate reductions from 1926 to 1937 has substantially cut the cost of Long Distance telephoning. These reductions have been made in accordance with Bell System policy to reduce Long Distance rates whenever improvements in telephony and the volume of business permit.

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RATES FOR 3-MINUTE DAYTIME CALLS *		Station-to-Station		Person-to-Person	
From	To	January 15, 1926	Jan. 15, 1937	January 15, 1926	Jan. 15, 1937
Baltimore	Philadelphia	\$ .65	<b>\$ .50</b>	\$ .80	<b>\$ .70</b>
Cincinnati	Detroit	1.55	<b>.90</b>	1.90	<b>1.25</b>
Buffalo	Toledo	1.70	<b>.95</b>	2.10	<b>1.30</b>
Boston	Washington	2.40	<b>1.25</b>	3.00	<b>1.65</b>
Chicago	Little Rock	3.40	<b>1.65</b>	4.25	<b>2.20</b>
Atlanta	Kansas City	4.30	<b>2.00</b>	5.35	<b>2.65</b>
Denver	Seattle	6.60	<b>3.00</b>	8.25	<b>4.00</b>
Dallas	New York	8.80	<b>4.00</b>	11.00	<b>5.25</b>
Chicago	San Francisco	11.90	<b>5.00</b>	14.85	<b>6.75</b>
New York	Los Angeles	16.65	<b>6.25</b>	19.55	<b>8.50</b>

\* Night and all-day Sunday rates are still lower.



## QUESTIONS our readers are asking:

- 1 • JUST what is labor trying to do and what does it actually want? . . . . . ANSWER ON PAGE 15
- 2 • IS the sitdown strike going to be used generally in labor arguments? . . . . . ON PAGE 16
- 3 • HOW can I tell if my selling policies are legal under the Robinson-Patman Act? . . . . . ON PAGE 19
- 4 • WITH business getting better, why does the number of people on relief continue to grow? . . . . . ON PAGE 20
- 5 • SINCE the undistributed profits surtax puts money in circulation, why should anybody complain about it except the big fellows? . . . . . ON PAGE 23
- 6 • WHAT is easy money, and if it's bad, why does the Government do nothing about it? . . . . . ON PAGE 26
- 7 • EVERYBODY talks about helping the farmer but is anything being accomplished? . . . . . ON PAGE 29
- 8 • HOW much of this talk about conservation is emotion and how much is based on facts? . . . . . ON PAGE 33
- 9 • WOULD a change in the long-and-short-haul clause be a good thing for everybody? . . . . . ON PAGE 53
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- 11 • MILLIONS of dollars are spent on flood control and what good has it done? . . . . . ON PAGE 71
- 12 • WHO actually sets the styles in this country? . . . . . ON PAGE 78
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**NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE UNITED STATES**

**Merle Thorpe, Editor & Publisher**

**NUMBER 4**

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# SOCIAL SECURITY

## THE ACCOUNTING PROBLEM OF THE DAY

*It may mean revising present methods rather than scrapping them*

**S**CARCELY was the ink dry on the Social Security Act when business of all kinds and sizes began to take advantage of Monroe Figuring Service, for Monroe has machines to handle the whole range of payroll accounting, from compiling the original figures, through every step to writing and signing the final pay check.

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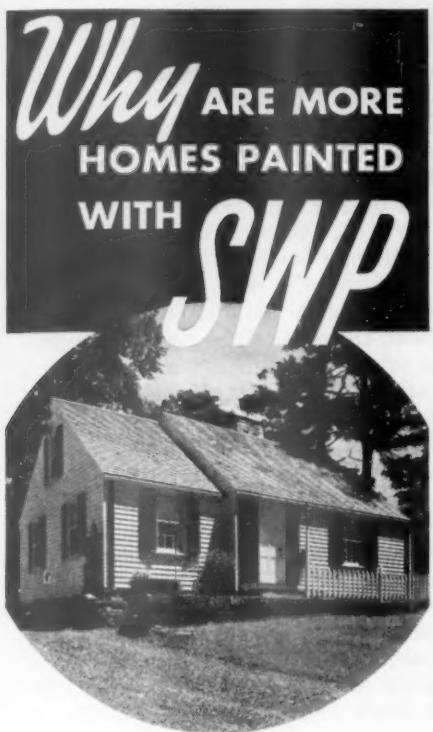
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### A lesson from labor

RELUCTANTLY, we are coming to the conclusion that business leaders need to learn political methods. They either think they know or eschew all thought of the public's reactions to their policies. For one thing, they aren't trained in the field of public relations. They are specialists in producing, financing and distributing things to the people. They are past masters in the art of presenting their products, but, oh, so clumsy in presenting their practices.

Labor leaders openly admit that they cannot hope to win without the public's support and the fact that they are labor leaders shows that they know how to present their case to the public. Employers haven't time to give to a study of public psychology, and the press, quite unwittingly and naturally, falls in with those who cooperate with it in making news, that is, with the labor agitators.

HERE is a case in point:

John L. Lewis and his associates in the CIO are blinking and wondering how it all happened. They had a year of doubtful success in organizing a new labor group. Then came a sudden windfall. Now CIO is on the up and up. Why?

One of the CIO lieutenants wired the president of an automobile company, demanding a conference. The president accepted. The press "played it up," some of the papers giving it a two-column head on the first page. The public responded, "Big news! Lewis has 'em on the run!"

Now, suppose the president of the company, with the news-reading public in mind, had written:

Surprised to get your wire, for we've had 20 conferences in the past year. What's new? Of course, we'll confer again. You know your way around the plant as well as I do. Come on. How about Saturday? Or next Monday? You say when.

All of which would have been in accordance with the facts and all of which would have taken it off the first page. But the press didn't know and didn't take the trouble to find out. It doesn't know yet that the only point at issue was, shall the CIO have exclu-

sive bargaining rights? For years industry has recognized any group to barter for those employees whom it represents. So the public remains in ignorance.

Ineptitude; and the CIO is on the up and up.

### A question of paternity

WHOSE baby will the next boom be? Both Washington and Wall Street are already denying the paternity of this, as yet, unborn child.

The members of the Investment Bankers Association, for instance, were recently warned by the chairman of the Securities and Exchange Commission that those who make the market for securities would have to accept full responsibility.

Lionel Edie, consulting economist, however, offered another point of view.

Said he, "Whoever is responsible for keeping money rates cheap is responsible for not curbing the boom."

Those who agree with Mr. Edie point out that the Commission and the Federal Reserve Board have the power to keep the activity of the stock market within bounds; that those who argue that the national exchanges are free to police their operations ignore the Commission's power to correct abuses and control the issuance of securities, or the Board's power to control, not only the price of credit for exchange trading, but also to stop the flow completely.

Nebulous as the various manifestations of the next boom may now seem, it is possible to consider whether under a policy of easy money, security prices can be pegged during any sustained upward surge without reference to the play of forces affecting capital demand and supply. Concern to know how to curb a boom signifies a national distinction. It is worth remembering that only backward countries are immune to booms.

### Fate with conveniences

HERE'S the most hopeful news of the month. The present generation, and particularly those more than 70, can sleep quietly. For Dr. Howard B.

## Through the EDITOR'S SPECS

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Jefferson, Colgate philosopher, states that our western civilization will withstand the forces of disruption for a couple of centuries. Then collapse. During the second 100 years the human race will live under a "crude despotism" which in turn will give way to a "crude primitivism."

Whether there is more anguish of spirit in enduring a protracted transition from the *status quo* than in experiencing the solid impact of the fall itself, the authorities do not presume to say. History makes a pretty good case for the morale shown by the Roman people in surviving the tidal waves of Huns and Goths for hundreds of years before the Empire finally crumbled. That Roman citizens had foreknowledge of the triumph of barbarism is well attested by the satiric poetry of Juvenal and the chronicles of Tacitus. Allowing that bad news did not travel as fast in the fourth century as in the twentieth, cynics must have winked at each other while politicians were declaiming the perpetuity of bread and circuses. Not the fall of Rome itself, but the long years it was a reasonable expectation is the greater wonder.

A later world given to taking short cuts to everything would only be running true to form in cutting the time of fulfilling Dr. Jefferson's prophecy from centuries to decades. Technology has speeded life to such a degree that time saved has become a problem to complicate full enjoyment of the new leisure. If occidental culture is doomed to go back to first principles, the suspense could be eased with a one-way ticket to the destiny so manifest to Dr. Jefferson. It was tough on the ancients who had to wait for their fate to come to them. This generation has a wide choice of facilities for rushing out to meet it.

#### Great floods from little fonts

WHETHER private printers look with awe or envy upon the altitudinous output of the Government Printing Office, the annual report of the Public Printer shows the growth of government by letter as well as spirit. In 1936 the Government Printing Plant mailed 862,754,462 pieces, a total which exceeded the preceding year's by 433,803,555 units. Demand, it appears, was considerably short of supply, for the report shows a carry-over of 19,430,489 copies of various publications.

Were any negative needed for the idea that congressional and departmental wordage is drying up, the figures above would uncontestedly provide it. Only a hardened optimist can feel that the new warehouse now under way in Washington will take care of the future level of official

outpourings. Experience is all against the expectation. The very existence of additional storage space acts as a challenge to the orators, oracles and scriveners to outdo themselves, and the record of the Government Printing Office is that they regularly do.

With the documentary torrents rolling up such resistless textual tides, the question of keeping them within available structural bounds constitutes a question of flood relief in its own right. Authorship embalmed by the printer's art can logically convince itself that preservation of its works is a compliment to the intelligence of posterity. How to know a genuine state paper from what merely adds to a paper state of affairs is a job to test the most seasoned proof-readers of our times.

#### A life rich in texts

HARRY E. SHELDON'S life was of the sort to make men proud they are identified with the institution of business. He grew up in the steel industry and found absorbing opportunity within ten miles of his birthplace. So diligently did he apply himself that he advanced both the technology and the usefulness of steel.

At the turn of the century he saw the possibilities which crystallized in organization of the Allegheny Company, now "world's largest producer of special steel sheets." Co-founder of this company and long its president, he succeeded as admirably in reading the hearts of his people as he did in reading the signs of the business times.

As a young man Harry Sheldon had known what it meant to live on a wage of 90 cents a day.

That his people delighted to do him honor is eloquently attested by the fact that on September 17 Brackenridge, West Leechburg, Tarentum, Natrona Heights, and Harrison Township, communities in the steel country, took time off to celebrate Sheldon Day. His seventy-fifth birthday was also occasion for another public testament to the humane quality of his character evidenced by the many philanthropies and benevolences credited to his ready generosity.

To know that in 25 years neither workers nor company lost a week through labor trouble helps to establish the measure of the man. How to bring industrial relations within a rule of reason is a problem which only creeps toward solution by the invocation of law. The better way will be found through nurturing understanding between the men on the job and the men who make the job. That it is possible to establish a community of interest on a practical and



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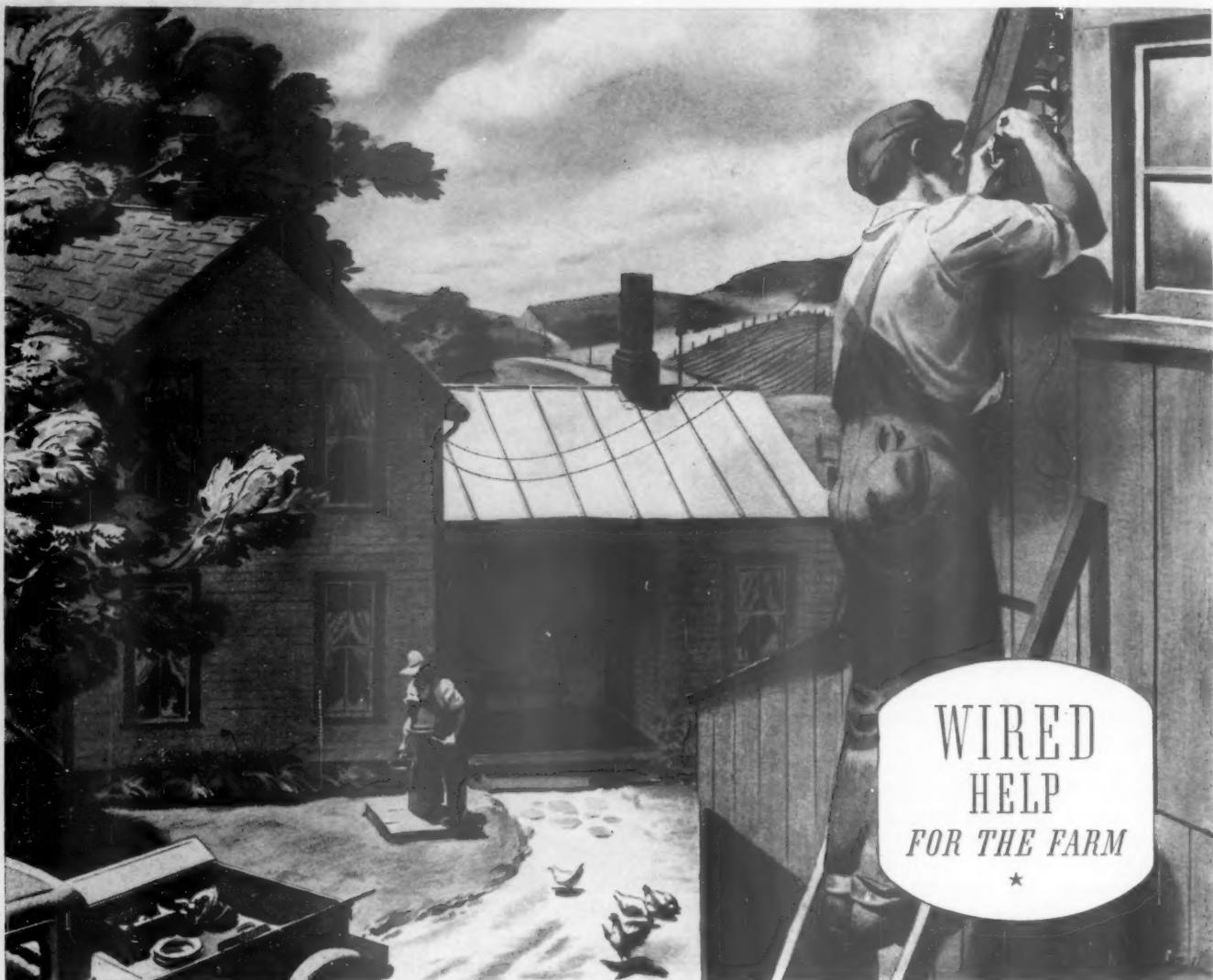
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**A**GRICULTURE — America's No. 1 Industry — asks for no more than an equal footing with other industries. Farm wives seek only the same relief from daily drudgery which their city sisters have enjoyed for many years.

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The work of Westinghouse, in helping to extend electricity over ever-wider areas at ever-lowering

cost, began with the very development that first made long distance electrical transmission possible — the alternating current system. Today, Westinghouse still works unceasingly to bring the benefits of electricity to places where it is not yet enjoyed. We believe this cause is worthy, not only of our own untiring efforts, but of unqualified support by every one interested in America's economic welfare.



**Westinghouse**

*The name that means everything in electricity*

permanent plane, Harry Sheldon's radiant example should go far to prove.

### A parliamentary sit-down

WHETHER depression is mightier than tradition is no riddle to Michigan's state senators. It is an old custom for the member of the upper house introducing the hundredth bill to dine the other 31 members at his own expense. When the ninety-ninth bill was tossed into the legislative mill, a senator offered a resolution to waive the penalty and declare a sit-down strike "because no senator is prosperous enough to pay for a mass dinner."

Tabling the resolution, as reported, could readily be construed as an action in character with the subject matter at issue. To say that precedent always waits upon purse would do no reverence to current fashions in public spending. Nothing if not apt would be the conclusion that a legislator and his bill are not soon parted.

### The tail wags the dog

WE suggested last month that the country needs more fact and less opinion, more light and less heat. Noting that our political and welfare leaders advocate many measures on the ground that other countries have them, we asked some questions about Germany's social insurance. Now comes a reader with a report of the American Medical Association, answering, in part at least, one of our questions, to wit:

Is it or is it not a fact that sickness insurance in Germany has created a scandal in the large amount of funds used for administration?

The report shows that in 1930 there were 36,000 panel doctors and 32,000 bureaucrats directing the doctors. In 1936 there were 32,000 doctors and 36,000 bureaucrats.

AND DR. BRUMM, head of the Philadelphia County Medical Society, writes that most of our hysteria in favor of the socialization of medicine is based upon false premises. While he does not say so, we can say it for him—the doctors of the country suffered their full share of the depression.

It might well be within the truth to say that they suffered more than other groups. Yet Dr. Brumm points out that somehow private medicine maintained the health of the people of the United States during the depression at above prosperity levels.

He submits that Government records show that this country experienced the lowest mortality and morbidity percentages in the history of

the country and recalls Dr. Haven Emerson's survey which showed that the nourishment of the children of this country during the depression was entirely sufficient, with less infant mortality than normally.

### They left it to Coke

WITH a note of cheer to Henry Ford, Frank Seiberling, and those other industrialists in the shadow of three score and ten, we chronicle the fact that it was Lord Coke, the eminent Chief Justice of England, who declared the royal proclamations of King James null and void, served nine months in prison, got out only to draw up the Petition of Right against Charles I, "the most explicit declaration of English liberty which had up to that time appeared." This was the culmination of Lord Coke's long "defense of the citizen against the attacks of royal prerogative." With England on the brink of revolution, a king to be beheaded, the young bloods and the middle-aged bloods "left it to Coke"—who was 76 years old. He died at 82. *De Senectute.*

### Salesmanship

AN OFFICIAL of the National Cash Register Company once pointed to the factory's chimneys and told a meeting of salesmen:

"Your job is to sell smoke."

Of course his purpose was to be dramatic, to gain attention, to inspire his men. But, in doing that, he spoke a truth that is too frequently overlooked.

Any business man or politician who is not "selling smoke" is doing his fellow man a disservice. Every sale, every service, every law might well be put to the test of the factory chimney. Does it bring more smoke or less? If it brings more, it means more jobs, more pay rolls, more things for more people—in the long run a higher standard of living. If it brings less, then, by that much—no matter how generously conceived—it is blocking the road to business activity which we all pray for.

Because no man, however selfish, can take the business road to personal success without making jobs for miners, for farmers, for salesmen, for machinists, for all the various kinds and classes of people whose happiness is bound up in that sensitive combination of circumstances that we call "good business." And if business is to be good, if jobs are to be many, if goods are to be plentiful and cheap, then smoke must pour from the chimneys—we must have More Smoke.

(Photo by Nesmith.)

# Why ARE SOME ROOMS

SO HARD TO HEAT



BECAUSE SO much of your furnace heat keeps leaking away through walls and roof. And this summer the burning sun will leak in through walls and roof, stuffing the house with heat by day and daring you to sleep at night!

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Follow the example of other forward-looking families everywhere—have wall and roof spaces filled with Capitol Rock Wool, fabricated from specially quarried virgin rock. It repels summer heat, making rooms 8 to 15 degrees cooler. In winter it keeps furnace heat inside and cuts fuel bills 20 to 40 per cent, so that savings soon pay for the installation. Capitol Rock Wool Insulation is thoroughly and quickly "blown" into any type house. It is fire-proof, cannot rot, corrode or settle, and will never have to be replaced.

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The work is done by the responsible, experienced Capitol Rock Wool Insulator in your city—trained, directed and licensed by the world's largest manufacturer of virgin rock wool for insulating existing homes by the pneumatic method. Mail coupon for complete information.

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# GOODYEAR WINS SEVEN YEAR WAR!

**AMAZING NEW YKL  
TRUCK AND BUS TIRE  
CONQUERS INTERNAL  
HEAT . . .**

**Promises Great Economies  
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**A war against heat!**

A war against the deadliest enemy truck and bus tires have ever faced!

A war waged to curb the costly destruction of tires on the "murder runs"!

For seven years, Goodyear engineers have fought that war.

Today they stand victorious following one of the most spectacular achievements in the entire history of the rubber industry—the perfection of the New Goodyear YKL—built of Rayotwist cord.

Internal heat, in its attack on tires, has two powerful allies—tremendously large loads and the increasingly high speeds at which these loads are carried.

No conventional tires have been able to resist the internal heat created by heavy loads carried at sustained high speeds on the "murder runs". For years a super-tire has been sorely needed.

Goodyear engineers won their seven year war against heat only after they had found a new material for spinning yarn, evolved a new technique for twisting the yarn into tough, strong cords and perfected a new process with which to bind the cords to the rubber compound.

The material is Rayotwist. It is made from a special rayon with a tensile coefficient much higher than that of ordinary commercial rayon. Filaments of Rayotwist, very fine in texture, are spun into cord.

The process used to bind cord and rubber is a secret bath—now patented and owned by Goodyear.



When the Goodyear YKL was completed, southwestern deserts became the scene of the fiercest series of tests to which any tire was ever subjected.

There under a blazing sun, carrying back-breaking loads at terrific speeds, the new YKL tripled, quadrupled, even multiplied by five the mileage of conventional tires.

The seven-year war had been won. The world had its super-tire.

## CAUTION!

Goodyear engineers now recommend the new YKL Tire only for the most destructive types of service—those "murder runs" over long distances at sustained high speeds.

In ordinary trucking, its extraordinary capacities cannot be fully utilized—and, frankly, its higher price cannot be justified.

But for operators of trucks and busses on "murder runs," Goodyear recommends the YKL Tire with full confidence in its ability to set new and spectacular performance records—to effect great savings as compared with the cost of conventional tires.

Such operators are invited to write direct to The Goodyear Tire and Rubber Company, Inc., Akron, Ohio, for full particulars.



*A section of the interior of an ordinary cord tire burned out and broken in fast, heavy-duty travel.*



*A section of a YKL Tire with the same number of miles at the same speed and under the same heavy load.*

*The New YKL  
MADE WITH  
RAYOTWIST*





## Pedigree of a Watchdog

**A** YALE FRESHMAN honored us with a call and request for an interview to be printed in the *Yale News*. He thought his fellow students would be interested in the views of business upon the Court proposal now before Congress. Remembering the kindness of busy men to us as an undergraduate, we prepared this memorandum:

A group of men representing a country which had fought and won a war against the oppression of rulers, faced the task of building the political framework of a new nation. They needed an agency to make laws, and another to enforce them, yet they feared to give these agencies too much power over their lives and property through war and taxation. They hesitated. They feared that such agencies might become tyrants. They had suffered. Their parents, in a score of countries, had suffered and were suffering from abuse of political power. All history confirmed that course.

Finally, they drew up a compact, an agreement, between themselves and their rulers. (A business man would call it an agency contract, in that the agents had authority to do specified things in his name, such as selling a product, but had no authority to mortgage the plant. Business can be successful only when duties and powers are thus defined.) It is clearly in evidence that the people were to be masters of their political servants, and the servants had their duties and powers definitely stated in a written document.

Those who were to be the little group's first rulers wanted it this way. They were fearful of the temptation; they knew others—far removed from the bloody sacrifice that liberty entailed—were to come after.

So, in their wisdom, born of fear, they made another provision. They provided for a watch-dog. They needed someone to be on guard and to warn if there was trespass upon rights—rights established after 1,500 years of struggle. This watch-dog was to have no teeth. Purse and sword for the ruling agencies, only a bark for the watch-dog. The bark was to arouse the master, the master to do the needful.

But, it was said—contrary to loose thinking today—life will become more complex, our ruling agencies may have to have more power. So it was provided that the

servant could come to the master, and if he made his case, the master would relinquish more rights and give more power to his servant. The front gate was to be always open.

The servants today consider the advisability of substituting for the master's watch-dog one of their own, "a watch-dog more friendly."

When the master, a little suspicious, asks the servants why they don't come around by the big front door instead, the servants reply, "it isn't convenient, the back way is quicker and time is of the essence. And maybe, you wouldn't agree to our proposal."

The real issue before Congress today is this: Shall the agencies which the people in 1789 felt should be watched lest they exceed their powers and thus deprive the people of their rights, now substitute their own watchdog to guard the people's rights?

It may be that this complex age needs a different political frame-work; that only new relationships can bring prosperity and progress to the man in the street. But, it must be remembered, the Supreme Court, in the role of watch-dog, was provided solely for him. The strong, it was thought, could take care of themselves, no matter what the game. Indeed, there are some who contend that in the interest of the poor man, without influence, it would be wise if even one member of his Court, rather than a majority, had a doubt as to a trespass, that such doubt should be resolved in his favor.

For there is always the wide, front gate and the open door for the agencies which ask for more rights from, and more power over, the individual citizen.

This system gave the American people economic freedom, a government of law, which enabled enterprisers to plan and perform with a greater degree of certainty than under a government of men. It insured a political freedom which gave the individual, to use the historian Morley's phrase, a sense of his dignity and worth.

The two produced a miracle. The spiritual and material well-being of the citizens of the United States, no matter how measured—by quantity, by its wide distribution, by the time element of achievement, or by comparison with the rest of the world—stands as a testament to the American tradition of ordered liberty under law, man's greatest effort to be a free spirit.

*Meredith Thorpe*



## VISION ALWAYS HAS BEEN A HIGHLY PRIZED ASSET

And it is apparent that today American business needs vision as it has never needed it before. It helps to put the whole man on the job. » » » Farsighted operators of the Mimeograph are ever insistent upon using the complete process, wherein all things work together for good. Every coordinated factor in the process has been developed in our laboratories. And these factors have brought the fine art of stencil duplication to a high state of efficiency. Not one of them can be neglected, if the speedy duplication of forms, letters, graphs, etc., is to be done with precision—and low cost. A unit process backed by an organized responsibility! For help in your duplicating problems write A. B. Dick Company, Chicago—or see phone book for local address.

# M I M E O G R A P H





Labor has a new sense of power. "We're going to town" is a common expression

WIDE WORLD

## The Labor Point of View

By CHESTER M. WRIGHT

**A**BOUT every so often the nation gets alarmed about something. Counting up all the things to be alarmed about, the tension is almost constant.

Those "good old days" when the country could go for perhaps six months without having to worry about any "paramount issue" and could devote its time to doing the ordinary things of life in the ordinary way, seem to have gone and ferment is the order of the day.

Some of the paramount issues we now encounter along the road are cooked up for us; some are natural results of underlying causes and nobody cooks them up, although, here and there, skilled hands may embellish them and add somewhat to their dramatic qualities.

A month ago, or thereabouts, the sit-down strike began to roll itself up to the stature of a paramount issue, hurling upward against a darkening

**CLOSE associate of Samuel Gompers, writer and speaker on labor subjects, intimate of CIO and A. F. of L. leaders, publisher of Chester Wright's Labor Letter, Mr. Wright tells you here what labor believes, what it wants and what it will be willing to do to gain the objectives it seeks**

sky the old interrogation known as "the labor question."

This is not a new question. But the epidemic of sit-down strikes had about it that dramatic quality that forced attention on labor and what labor intended to do, or might even do without consciously intending anything at all. Question after question was tossed into the arena of public thought. Naturally, a number of persons have suggested that they know all the answers and we have had a

tremendous outpouring of ink on printed pages.

We have had pictures of vast intrigue; organized regiments taking possession of plants; John Lewis the arch-this and -that, the tiger of the industrial world, the Napoleon of labor, the ambitious potential czar and possible president; William Green the mysterious-this or -that; and so along the line. To use an illustration, we have had a great deal of discussion of the glints of light that have



A union board of strategy discusses the auto strike. The sit-down may or may not be used again. Labor, like others, judges tactics by results



Strikers whiling away the time while they paralyze the plant. Most A.F. of L. leaders agree that sit-downs constitute trespass. Some CIO leaders do not



Some labor men feel that a job has a semblance to property which gives the right to stay and defend it against all comers

been thrown off by a stone under observation, because those are what we see first and most easily, but not much sound discussion about the chemistry of the stone itself. And it is that content which needs understanding.

The multiplicity of sit-downs, with the General Motors strike the outstanding example, followed by the drama in steel, did bring the labor issue into sharp focus as something of commanding importance, but it didn't do much to help the average person understand what it is all about.

#### Many questions unanswered

COMPLEXITIES always are perplexing to most persons and the current labor situation is filled with complexities.

There are questions on every hand. Most interested persons are asking questions; few are answering them satisfactorily. It is no part of my purpose to answer all the questions. If some of the facts and factors can be brought into relation with each other, however, it may help slightly toward clarity of thought.

There is a great wish to know whether the sit-down strike is a pattern for present and future industrial conflict, whether this device, new to America, is to be used generally by labor in its quest for satisfaction of its desires.

The general answer is "no." But like all generalities, this one must be modified by exceptions. It is not possible to know how many exceptions there will be.

The reasons for saying that the sit-down, or the stay-in, will not be a pattern can be stated with a fair degree of ease and confidence. First of all, by and large, the sit-down occurs only in industries where labor, through its own unions, has had no dealings with the employers. The automotive industry, including the makers of parts and supplies, is naturally the outstanding example, although there have been many others.

The sit-down strike seems destined to pass out of the picture as soon as unions and employers come into agreement and begin joint relations under agreement. There are definite reasons.

An objective analysis should make it obvious that the sit-down strike (always having exceptions to the rule in mind) is not a weapon to be used by unions after joint agreements have been reached. The sit-down can be used by minorities to paralyze the will of majorities. Unions operate on the basis of majority rule. They do not tolerate overturn of majorities by minorities if they can help it.

An interesting instance developed

on the heels of the General Motors settlement and just when the critical hours were passing in the steel industry. There was a sit-down in a union mine. Union miners are under contract to follow a certain procedure in adjusting grievances. The sit-down miners were summarily ordered to abandon their outlaw method and to follow the procedure laid down in the contract. They did.

Other reasons for believing that the sit-down strike will not be followed generally or consistently have to do with possible legislative retaliation and with possible hostility in the realm of public opinion.

There are sit-downs that might have great popular support and there are others that might have an equal volume of opposition. Perhaps it might depend upon how many toes were stepped upon, or in what manner. One person whose toes are bruised can be funny to the multitude, but when a million are thus treated, and each unit in the million feels the hurt, it adds up to a large total, ceasing to be funny.

Labor, perhaps like many other bodies, may risk public opinion in a struggle that can be decided before public opinion can be brought into focus, but seldom otherwise, except where a principle is at stake.

In judging the present tendencies it must be realized that, even though the statement of it is trite, there is conflict only where there is disagreement enough to make conflict seem warrantable to one side or the other.

#### Finding a formula for peace

ONE day there was conflict in General Motors. The next day there was peace. A formula for peace had been found. What had been cause warranting conflict on the part of the workers was removed by that formula.

In the dramatic denouement in steel the formula was found before conflict developed. Moreover, while the drama of steel was unfolding, there were negotiations in another nationwide industry about which no single word appeared in print. The management and the union decided to meet in conference, with the pledge of both sides to reach an agreement which both sides would sign. I happen to know that in this case the union was eager to avoid open dispute because it did not want the possible demoralization following a sit-down. A mutuality of interest led to the finding of a formula.

Labor agreements come out of mutuality of interest, which may not mean that there is anything like a mutuality of desire. Unions have signed agreements that they did not like;

(Continued on page 124)



Encouragement for the strikers. Labor realizes that some strikes may have great popular support—others may arouse equal opposition



The strikers march out, victorious. The drama and tension have obscured the fact that thousands of other union men have been steadily at work



Settlement. Labor wants a voice, a vote, and feels that Section 7(a) and other legislation has authorized it to demand this privilege



GENDREAU

## Maple Sugar Has Gone Modern

MAPLE SUGAR, the only sweetening known to the Indians long ago, has recently gone to the research laboratories, and has come out in new color and a variety of new uses, which include such household necessities as icing sugar, extract for flavoring and granulated sugar.

Research has been carried on by the Canadian Government, and the prod-

ucts obtained are being marketed. Maple sugar is obtained by boiling the sap of the maple trees in the spring. A maple tree will yield about three pounds of sugar a season, about eight gallons of sap being tapped from each tree. The maple sugar is also used largely for curing tobacco, over a third of every year's crop being used for this purpose.

It has been discovered that the maple flavor which makes maple sugar a delicacy is only obtained after boiling at high temperatures.

Following this fact, super-heated maple sap and syrup have resulted in making a highly flavored product, from which the sugar is withdrawn, leaving a concentrated extract of pure maple flavor for use in confections and ice cream manufacture.

—JAMES MONTAGNES.

# Don't Fear the Robinson-Patman Law

Says H. B. TEEGARDEN in an Interview  
with DORSEY HATFIELD

A PRACTICAL interpretation of this much discussed legislation by a man who, as an authority on business law, was called upon to draft the original bill and its most important revisions. Previously Mr. Teegarden had been Special Assistant to the Attorney General handling anti-trust cases and solicitor for the Federal Power Commission

INNUMERABLE questions regarding the enforcement of the Robinson-Patman Act, addressed to almost every conceivable source of information, indicate that many business men are still confused regarding the purposes of the law. Many of the questions asked, although evidently arising from honest motives, are so hypothetical and conjectural as to make practical answers difficult, if not impossible. Others indicate at least a curiosity as to possible technicalities through which the law may be evaded.

The questions not only indicate the importance of the Act but also show a widespread misunderstanding as to its motives. It is obvious that, if the principles on which this legislation is founded and the evils it was designed to correct were generally understood, the law itself would be clarified and its application to any considered activities greatly simplified.

Any legislation designed to regulate trade, if it is carefully enough drawn to reach the evil in view and, at the same time keep within safe limits, is likely to appear complex and confusing, especially to those who are not familiar with the principles that govern the construction of a statute and its application.

One contribution to confusion is the tendency, whenever such a law is considered, to try to think in advance of all the peculiar and extreme

cases to which it might apply. Because this leads into entanglements, it is used invariably as a weapon by the opposition. For purposes of effective enforcement, and for adjusting the affairs of a business to the law, the question should be rather:

"How does the act apply to the case before us or to the specific business practice contemplated?"

## New laws are opposed

VIGOROUS opposition always attends the enactment of every important new law and often hounds its enforcement for years. It is obvious that, unless there is an evil demanding a remedy, there is no need for the legislation. But evils arise because someone profits from them and, when those who profit find a prohibiting statute staring them in the face, they naturally seek excuses to paint the law as a monster.

The belief that the Robinson-Patman Act is a radical venture appears to be rather widespread. The truth is that the first demand for this kind of legislation came from

BIG FELLOW



CARTOONS BY EDMUND DUFFY

thousands of retail and wholesale dealers and a few manufacturers, mainly in the grocery field, where the expansion of mass distribution has been most aggressive. The Act itself merely applies to wholesale distribution a principle that long has been effective and profitable throughout retail trade. Consumers immediately recognized the fairness and convenience of the one-price principle when it was introduced in the retail field 50 years ago.

Before that, customers entered stores knowing that they probably would be charged all they were foolish enough to pay or as little as they were shrewd enough to demand. As a result, merchants and customers wasted much time in haggling, and the customer never was sure that he had received fair treatment in comparison with others.

Even when I was a boy, I distinctly remember that one store in our small home town based its principal advertising appeal on its policy of one price to all. Now this policy has gained general, if not universal, acceptance

(Continued on page 92)

# Relief



NESMITH

Relief eased the pain of depression but, in drug fashion, it has simultaneously emaciated initiative

**WHAT CAN BE DONE** to stop the deteriorating effects of government aid which, begun as a temporary measure, promises not only to continue but to increase

**J**ACK SLOCUM, who runs a dry goods store in my home town, recently wrote me about his chief worry—relief. He wrote:

And I'm not the only one who is concerned. We don't object to necessary relief; what worries us is that, though times are better, relief requirements apparently are undiminished.

Last summer there was to be a curtailment, but the drought interfered. Last winter there was supposed to be a national WPA purge, but after it got under way somebody slowed it down. Administrator Hopkins, I heard over the radio, told Congress he was going to cut off 600,000 this spring. Then came the floods. I know the drought and floods put people on relief; but are these the only reasons why relief continues strong?

You get around in Washington. What is the low down? What is going to happen to us anyway? How long is relief going to last? Who is going to pay for it?

Though as a Washington newspaper correspondent I have covered relief since its inception, I ordinarily could give only opinionated replies. But the Administration is as worried as Jack Slocum; officials who speak optimistically for quotation are now talking off the record in a different key. Millions of dollars are being made available for research to find out the truth. On the basis of this official evidence, I am compelled to report the situation is graver than even Jack Slocum suspected.



WPA PHOTO  
Library work is one of the jobs the Government gives the 638,200 white collar workers eligible for WPA aid



WPA PHOTO  
The floods added thousands to the relief load. Many may become permanent clients as have many from drought states

# Worries Government, too

By CHARLES STEVENSON

Indeed, despite appropriations of nearly \$11,000,000,000 borrowed nationally and locally for a relief bill which could not be liquidated if every individual shown by Commerce Department reports to be engaged in wholesale and retail trade donated twice his 1935 earned income, the only prospect is expenditure of more billions with the idea that the account not only must but can be paid out of taxes. The reason is that, under our present scheme, relief, which everyone was led to picture as a temporary phase, is to continue until the last taxpayer has died.

Significant in this respect is that between 1935 and 1936, actual census of persons possessing relief status showed those eligible for Works Progress Administration aid increasing from 6,112,529 to 6,402,171. They included 638,200 white collar workers, 1,340,000 semi-skilled industrial and construction laborers, 960,800 unskilled industrial workers, 618,300 domestic and personal service workers, 841,700 inexperienced persons—308,

Many young men have been forced on relief because it offered the only way to learn or find a job



WPA PHOTO

Contractors complain that skilled craftsmen hide out on WPA while jobs go begging. Presumably they prefer the "security" relief gives



WPA PHOTO

Unskilled labor from low paid industries has found that it can make more money and work fewer hours on relief than on private jobs



A WPA survey showed that 40 per cent of those on its rolls were unacceptable to industry because of age, handicaps or loss of skill



Sewing projects, a needed haven for many, have also proved to be a sanctuary for those who are rapidly turning relief into a career

215 of them more than 25 years old and the rest youths—544,900 persons of unknown experience, 745,300 farm operators and farm laborers, 712,700 skilled laborers and foremen from industries.

In recent months the best of these have returned to work at the rate of three per cent every 30 days, WPA Administrator Harry L. Hopkins trying to assist the process by reducing rolls—a re-

duction that slowed up as soon as state authorities protested that the chief result was to overload their own dole armies.

But in spite of this "relief curtailment," WPA, as this went to press, still had 2,162,500 and faced an uncertain future; another 813,500 were on other phases of the federal works program; the remainder was piling up on state relief rolls to such an extent that the

Pennsylvania state relief director was complaining he had been compelled to add to his recipients in each of ten preceding weeks.

Last summer, when WPA was caring for a peak load, 1,400,000 were on the state rolls. How many there are now nobody knows, and federal authorities have shown no convincing eagerness to find out.

#### The "curtailments"

ADDITIONALLY, Mr. Hopkins has shown other curtailments of WPA by transferring 270,000 drought cases to the Resettlement Administration where, with rural rehabilitants and other farm classes, they are expected to number 1,420,000 this year. Another 1,163,800 unemployables, many of them formerly on relief rolls, are now on the Social Security Board roster. The relief which one sees further has been curtailed by failing to include in the totals some 380,800 students and 184,600 other youths under care of the National Youth Administration.

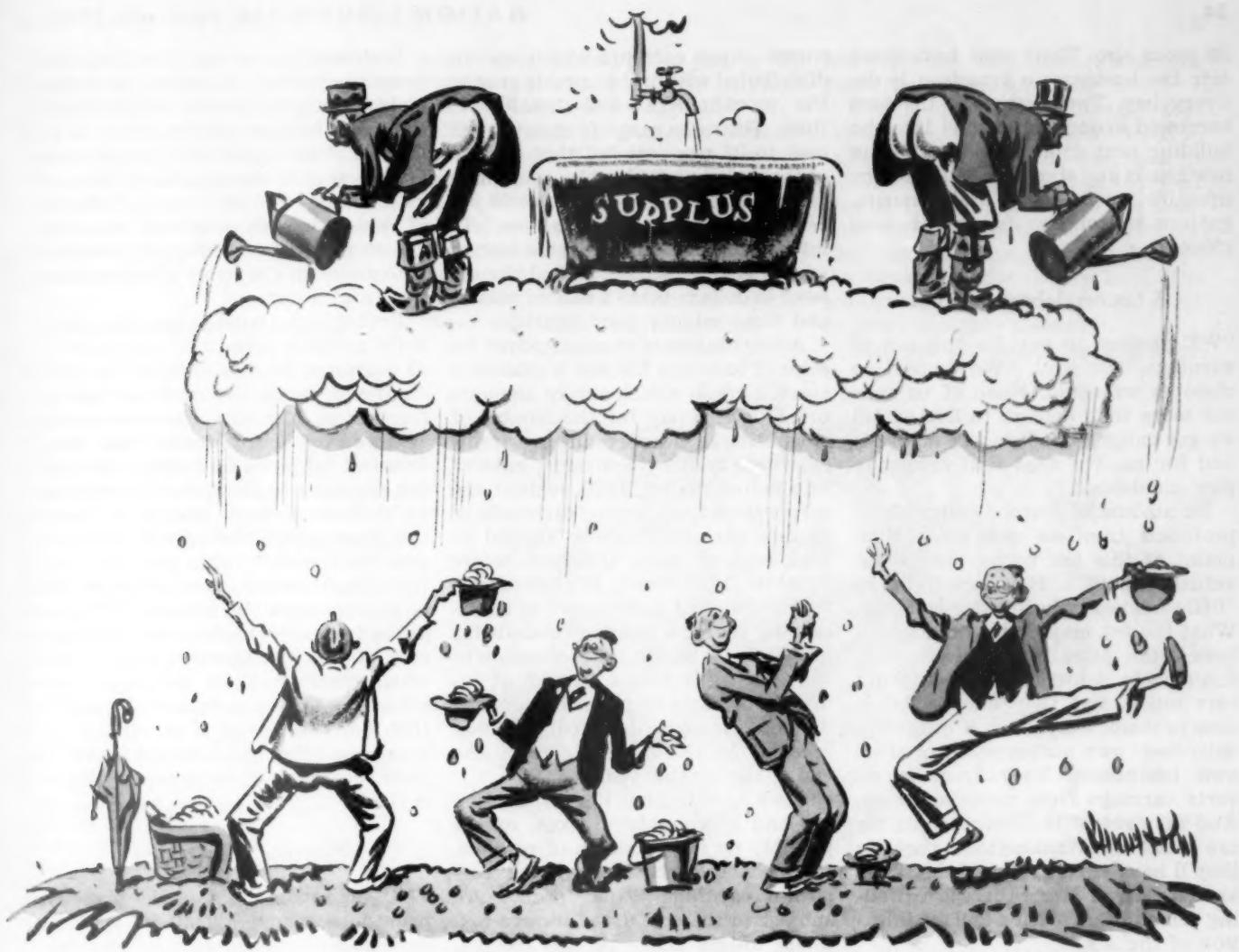
Draw together these scattered classes and the most conservative relief figure you can obtain for the spring of 1937 is 7,524,700. Even omitting 65,000 to 75,000 taken on because of the Mississippi-Ohio floods, the relief load is higher than it ever

(Continued on page 120)



While the number on relief passes 7,000,000 and the bill reaches \$11,000,000,000 private jobs still go begging. Some prefer relief

EWING GALLOWAY



The new tax on undistributed corporate earnings has made it rain dividends

ILLUSTRATIONS BY STUART HAY

## Rain, Rain, Go Away!

By EDGAR GOODRICH

IT'S BEEN raining dividends. Accurately measuring the fall is difficult, but a conservative estimate gives \$1,500,000,000 as the total of extra distributions made by the end of the 1936 business year. While some corporations perhaps will raise the regular dividend rate there won't be another such shower until the end of this year—if then.

It isn't that corporate directors have suddenly gone philanthropic. The new tax on undistributed corporate earnings is the rain-maker. Forcing dividends, accelerating turnover of earnings and disgorging of surpluses was the purpose of the tax. And certainly that has been its effect, in many cases with a vengeance.

### WHY stockholders sharing in dividend shower caused by the corporation surplus tax may find their investments gone

Those facts are recognized not only by the statisticians of the Treasury but by the rank-and-file business man in the "fields." Not long ago in a little town in Minnesota I talked with a former resident back home on a visit. He is the good average specimen disclosed by a cross-section of small community business. Intelligent, honest, hard-working, he was a leader on Main Street until ill-health forced him to California. His years of work are represented now by his holdings in a garage-car sales concern, a

bank, and a milk products-creamery company, all of which he helped build and carry through the depression.

"I had a mighty good income this year, thanks to Uncle Sam," he said. "Too good. My companies had to distribute practically everything they made. That's not good management. If they have to do that every year they'll be in trouble if things go bad again because they'll have no reserve. Then I won't have an income: maybe I won't have my investments."

He put his finger on a sore spot which, since the impact of this tax, can be found in almost every corporation. A second Main Streeter touched another one. This man and his brother started a hardware store nearly

30 years ago. Their sons have come into the business; a grandson is delivery boy. Two years ago the firm borrowed enough to expand into the building next door. They took on six new hands and started a little factory upstairs turning out drain spouts, gutters and similar fixings. He was gloomy.

#### A tax on debt payments

"WE planned to pay for this out of earnings," he said. "We figured as close as we could. None of us take out more than enough to live on till we get caught up. This tax makes it bad for us. We need that money to pay our debts."

No amount of learned editorials or profound treatises can voice complaint of this tax better than these actual comments. These are from the "little fellows" whose name is legion. What the tax may do to the "big fellows," the huge corporations, they don't fully understand, they don't care much. But they know what it does to them. They know it interferes with their own management of their own businesses. They know it diverts earnings from necessary uses. And they resent it. Their complaints are reaching Washington; possibly they'll have effect. From Main Street as well as Wall Street there is a swelling demand for revision and modification of the Act.

Now just what is this undistributed profits surtax and what's the matter with it?

It's a new idea put into our taxation system by the Revenue Act of 1936. It lays a tax—in addition to the normal graduated tax on corporate in-

comes—upon earnings which are not distributed within the taxable year to the stockholders, and taxable to them. The rates range from seven per cent to 27 per cent "of that portion of the undistributed net income which is in excess of ten per cent to 60 per cent of the adjusted net income." To interpret that phrase takes a lawyer who is also a psychic; to find the answer in dollars takes a bale of pencils and some mighty good figuring.

A corporation with adjusted net income of less than \$50,000 is granted a specific credit which rarely amounts to enough to pay for the trouble of computing it. Other credits are granted where written contracts, entered into before May 1, 1936, restrict the corporation from paying dividends or require that earnings be applied to discharge of debts incurred before April 30, 1936. Credit is allowed also for a "dividend carry-over" to a succeeding year if a company distributes more than it earns. Determination of that credit involves a neat bit of figuring, too. And to avoid the tax the dividends must be declared, paid, and received by the shareholders by the end of the taxable year.

It's a nice tight little law, confusing and thoroughly disliked, except possibly by the receivers of revenue. It closes the tax ring around corporate earnings. First, profits are subject to the graduated income tax. Then, unless those profits are distributed, they are subject to this surtax. If they are distributed, the shareholder recipient takes them into his taxable income. So—two taxes in either case on the same earnings.

That is a substantial discouragement to the use of the corporation as

a business instrument. But that objection is general. It goes to the principle underlying the tax which, since the tax is here, is hardly open to discussion. The important things now are the specific complaints to the Act as it stands—the features and effects of which modification and revision are so patently necessary if the tax is to serve as a revenue raiser rather than a garroter.

Probably the most imperative need is for revision permitting application of earnings, free of surtax, to discharge of debts. Business has had a tough time. Not many concerns have survived the lean years on their own financial fat, even by cutting operating expenses to the bone. Most have had to borrow, some heavily, to keep the doors open, the wheels turning and the pay rolls even partially intact. Such credits were obtained in large part upon the security of faith in the future—a banking on the honesty of the management to pay up when possible. Both integrity and sound business judgment demand that debts be curtailed as rapidly as may be and that stockholders wait for their returns until the company slate is clean.

#### Narrow restrictions

THIS tax hinders that. Under present provisions earnings can't be applied to debts without suffering substantial reduction by the tax unless dividends are restricted or earnings specifically so applied under written contract made before May 1, 1936.

To term that exemption a "relief" provision is about as accurate as naming certain groups of mud-crusted tin



Not many concerns have survived the lean years  
on their own financial fat. Most had to borrow

shacks army "rest camps." Few contracts can qualify as credit creators under the narrow requirements of the Act. Even the usual form indentures evidencing bond issues, of whatever size, fail to tie up earnings as demanded by the Act. Nor does the charter of the corporation itself qualify as a satisfactory restrictor of dividend payments.

#### Penalizing sound finance

THE result is that many corporations bound to specified schedules of debt repayment must, nevertheless, pay tax on the very earnings by which they must meet their obligations. A case in point is that of the railroads, pointed out by the Interstate Commerce Commission which has struggled to force an orderly reduction of the heavy debts which burden that industry and plunged 16 railroads into bankruptcy court within the past few years. The reorganization plans call for setting aside each year certain amounts for debt payments. The Commission laments that the tax which will take a big bite out of earnings upsets those schedules; that:

Those companies which have weak financial structure and should use their incomes to improve their property, retire funded debt and build up a liquid surplus against a day of future trouble will, if they undertake to do so, be subject to a penalty.

That situation would be ridiculous if it weren't tragic. Plain horse-sense indicates that the immediate payment of debts should be encouraged—not stymied—for that is essential, not only to improve the position of the individual corporation but to revive the national credit structure as well.

Even a sorrier situation faces those corporations which carried themselves through the depression to find themselves now with impaired capital. That the first thing to do with earnings is to restore that capital is almost axiomatic. That no dividends are to be paid when capital is impaired is equally axiomatic. Moreover, the laws of nearly 30 states prohibit any distributions to shareholders while an impairment exists.

Despite all that, this law requires that the earnings be distributed or the surtax paid.

"There is no special treatment for a corporation because it may be restricted by state law in the declaration of dividends while capital remains impaired," the Commissioner of Internal Revenue has ruled. "The corporation is subject to the tax regardless."

"Well," ruefully said one director of a large corporation which faced that situation just before the close of the year, "either we distribute

these earnings and go to jail, or we restore capital and pay the tax, and then we can't restore capital."

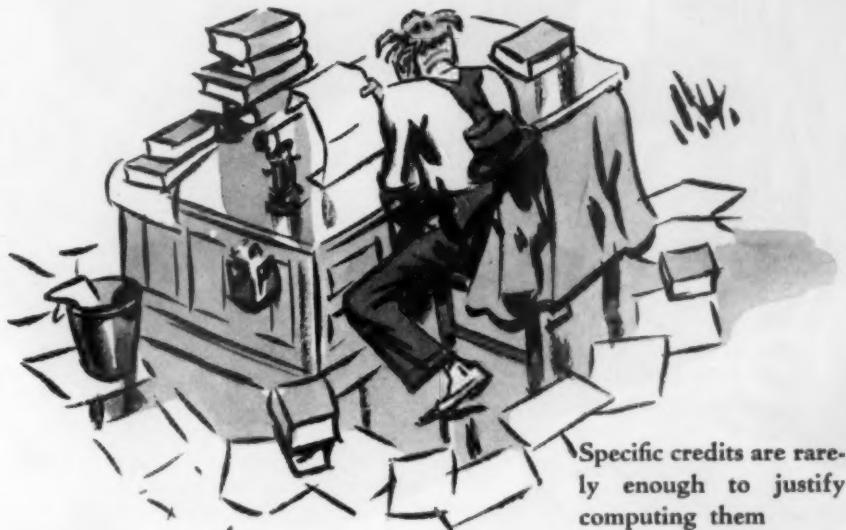
That sums it up. Comment is hardly necessary. It would seem beyond argument that a provision which forces a choice between distribution contrary to a primer rule of sound business and to state law as well, or payment of a penalty upon retention of earnings needed to restore capital impairment must be changed.

A third necessary modification of

More checks were needed but the plant couldn't handle more milk.

But the company went along. It kept expenses down. The officers took no salaries, only the help was paid. It saved its earnings and then one year plowed them all back into the business with an addition to the plant. That doubled capacity, and doubled the weekly checks. Everyone in the community soon knew it. The effect on every business showed it.

That was legitimate, natural busi-



the present Act is one which will permit the use of earnings for natural expansion of business and, of course, for necessary replacements and improvements of existing plants.

Let's go back to my friend with his milk products-creamery business. I know how that business started and how it grew—just the same way in which most businesses, big and little, in this country have started and grown.

#### Growth of a business

AGRICULTURAL advisers, federal and state, were conducting a campaign to build back the land in that community to a better-paying crop basis. They advised "more cattle." But what could be done with the milk? A dry milk plant, a creamery, seemed the answer. Money was scarce but they raised enough amongst the farmers and merchants to build the plant. It ran along on a shoe string but the milk came in, the products went out and each week the farmers got their checks.

Those checks were small, but they were much greater than nothing, which had been received before. They paid bills and bought goods in every store on Main Street. They painted barns, repaired machinery, bought cars, and sent children to school.

ness expansion, resulting from the combination of an idea, honesty and plain hard work. That was accomplished with earnings. Capital couldn't have done it because the capital wasn't available. The people didn't have it; the risk was too great for loans to supply it.

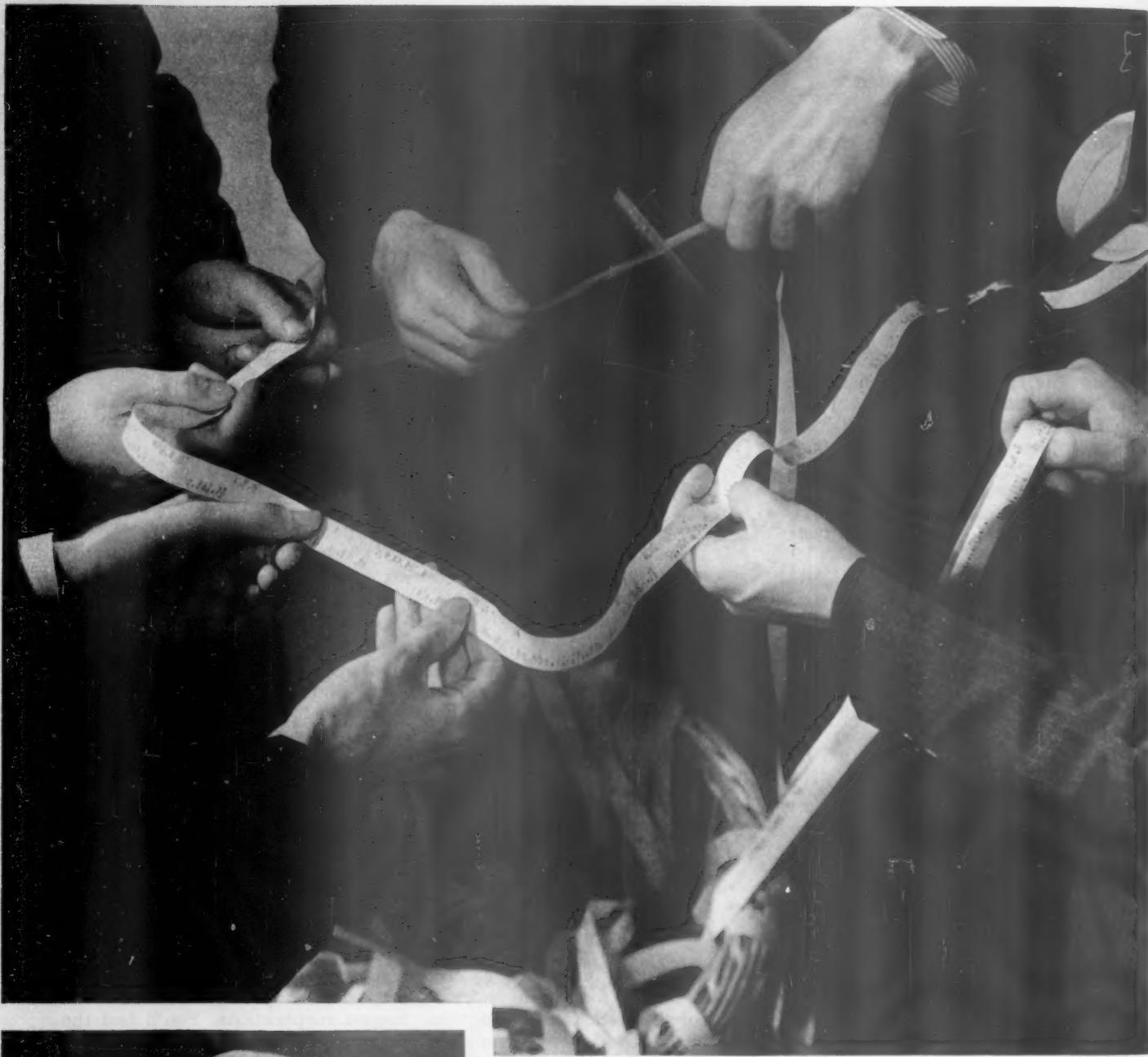
That's just what my friends in the hardware store hope to do with their business—work hard and plow back the earnings to make it grow. That's what creates new ventures, more jobs, more goods and more pay rolls. That's what made business progress in America! Study the histories of the corporations you know, even the largest corporations. You'll find the majority grew up from seed, nourished by earnings. That's by far the healthier way to grow: much better than springing full bloom from a stock-selling raid on the public's capital.

Anything that interferes with that natural American process of expansion discourages individual initiative, creation of new goods, new jobs and the rate of progress around the business circle. This tax does that; consequently the Act needs amending.

It must be recognized that taxation is now used as a curb on business. Permitting unlimited expansion would be contrary to that. But cer-

(Continued on page 104)

# Easy Money, Easy Boom,



EWING GALLOWAY



H. ARMSTRONG ROBERTS

AN unusually large credit supply, with investments unattractive because interest rates are artificially low, encourages excessive speculation. In the meantime the thrifty small investors face, not only present loss of income but also the future loss of capital because, when rates eventually stiffen, security prices will fall

# the Way to Easy Collapse

By GEORGE A. BENSON

**ARE our present credit policies setting the stage for a repetition of the experiences of 1929? Some ex-**

**perts believe they are. This article tells why and explains the dilemma which impedes a rescue**

**O**UR producers and traders want an abundance of credit at liberal terms. That is one thing. But a governmental policy of encouraging, even inducing, excessively low rates, as a lure to the assumption of debt, is another.

Whenever trade expansion is induced by such cheap and abundant money it is likely to be accompanied by a fear that the pick-up is not to be regarded as on a firm foundation.

Easy money is so thoroughly imbedded in the credit policies of so many countries that it is difficult to induce authorities to look around in the light of history. They feel that an age is ended, and that it has little to teach us, that the currency and credit managers are burying the evils of the past, with its great boom and receding depression; that easy money means a job for everybody!

As they reason thus, I permit myself much skepticism, even though England, where so much of the New Deal economy was born, long has considered easy money a "traditional corrective for industrial depression."

We should remember that cheap money in London is much different from cheap money in New York. British economy is not American economy. Besides the marked differences in the credit and governmental systems, we are geared completely and highly to production; England is not. The situations are far from identical. In addition to uncertainties attending our monetary policies the great danger we must face in the United States, and it is not a new one, is the overissuance of credit and its use in non-productive ways.

Yet even in England, a faint voice of skepticism is heard. Easy money is given its share of credit for the prosperity the country now enjoys,

but more than one financier points out that dearer money is ultimately the result of continued expansion; that placing too much emphasis on cheap money as against normal forces which make for healthy conditions is dangerous.

These financiers know how the incessant demand for easy money after the war caused a waning of confidence in London as an international money market. They know how the insistence upon a low bank rate during the gold crisis of 1931 weakened confidence, and how, immediately gold was departed, the rate was raised to restore confidence and prevent inflation.

## Our boom on cheap money

OUR own experience with easy money is not forgotten. More than one authority has traced the beginning of the great boom of 1928 and 1929 to the cheap money policy adopted in 1927. At that time the Chicago Reserve Bank objected that the low rate would contribute to an inflationary movement, but the Reserve Board overruled it.

Today with production increasing, prices moving upward, wheat higher than it has been for six years, copper subjected to a considerable speculation, the stage is again set for a boom with all its excesses and tragic costs.

Already many investors who find other sources of earning unattractive or destroyed have turned to the stock market in spite of the Federal Reserve Board's warning to remain out of speculative fields, to have confidence in the long term rates.

The signs are up and clear. Foresight need not wait on hindsight now. Either we must have dearer money or face the very real danger of credit excesses. Excessively low rates and any

adequate control of the expansion of credit may prove to be incompatible.

First of all, what is easy money?

Central bank authorities refer to it as a condition under which banks have a strong incentive to grant loans provided they are satisfied that the risks are good. What they really mean is that, so far as the level of interest rates is an influence, borrowers are given an incentive to go in debt. At bottom an easy money policy means a large supply of lendable funds at excessively low interest rates. In other words, the cost of money is cheapened, which is another way of saying that the earnings from loans of all kinds are small.

This policy was made a major item in our recovery program. The hope was that, with money available at low interest rates, business men would borrow freely to expand their plants, increase production and put more men to work. A natural result of all this would be to increase prices.

Prices finally increased, not because of the devaluation of the dollar and other monetary actions, but from other forces, mainly natural ones, including the drought, the need of replacements, and the need of increased inventories.

Improvement in the prices of primary commodities, of manufactured goods and of auxiliary services is an important indication of recovery. But, price changes deliberately engendered by measures which are solely monetary in character are not conducive to stability. The increasing prices which accompany real recovery are not the consequence of monetary or credit measures. Healthy price changes are not induced by making more money and more credit available. As the volume of business declines, production falls off and there

is less opportunity for the constructive use of credit; less credit is needed. Old loans are paid off and the number of new ones declines. As costs and prices recede, still less credit is needed. Interest rates drop.

When business turns upward, the process is reversed. Prices come up as demand increases. As that movement continues more credit is needed. Interest rates come up.

Today, then, the tendency is for rates to advance. This increase would act as a brake on overproduction. The Government, by fostering artificially low rates, encourages excessive borrowing for overexpansion, uneconomic enterprises which can flourish only during easy money periods, and speculation.

#### Speculation in commodities

THERE is a danger that such rates, in the face of economic forces which tend to increase interest charges, interfere with the recovery process. The upturn is accentuated, and before long there is a speculative boom

in commodities and equities. The groundwork is laid for excessive expansion and uncontrollable inflation.

Inflation, it should be remembered, can originate on the commodities side. Prices already are up and going higher. Already they have moved so far as to encourage a growth of bank credit. If the interest rate is not permitted to rise, a natural brake on the growth of credit is missing.

In the last analysis then rising prices, combined with easy money, encourage an increase in bank deposits subject to check. As the amount of money in circulation increases, the demand for goods will increase. This brings greater production and trade. As this movement gains momentum, prices go higher. This upward price movement increases borrowing as manufacturers, merchants and consumers try to buy supplies and goods before prices go still higher. As more money is borrowed prices move higher, and the faster prices move up, the more money is borrowed. Inevitably the crash comes.

Many authorities recognize the dangers inherent in this situation and the Administration has taken some steps to curtail the volume of available credit. The Treasury has sterilized gold imports, removing them from the credit base, and the Board of Governors has increased the reserves Federal Reserve member banks are required to carry and the margins demanded of borrowers who purchase securities.

#### A step to check a boom

UNTIL last August, the law required banks in the reserve system to carry in cash in the Reserve Banks three per cent of their time deposits and seven, ten and 13 per cent of their demand deposits, depending on their location. Last August these amounts were increased 50 per cent. After May 1, another 50 per cent will be in effect.

Thus authorities have definitely lessened the amount of credit expansion which could proceed with  
(Continued on page 112)

## One Cable—240 Conversations



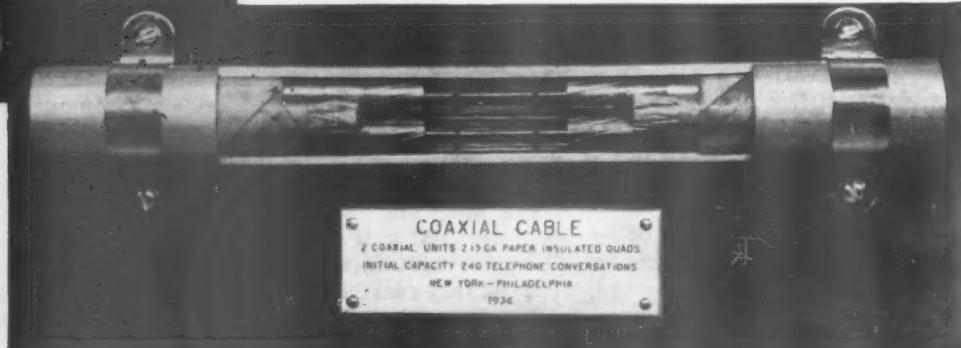
"Coaxial" cable (small one in upper photo) compared with those it may replace. Right, a section of the new cable cut open to show inside arrangement

BETWEEN New York and Philadelphia, the American Telephone & Telegraph Company is experimenting with a cable capable of transmitting 240 voices simultaneously. Product of the Bell Laboratories, the new cable is contained in a lead tube slightly less than one inch in diameter. Inside are two bundles of four paper-insulated wires which carry power to unattended amplifiers which step up the impulses and two tubes of thin copper about the size of lead pencils. In each tube is a copper wire. The cable is sealed and filled with nitrogen gas under pressure to prevent inside moisture.

Dr. Frank Jewett explains, "This is a wire-directed form of radio transmission over a piece of the ether which has been segregated from all the other ether in the world."

The segregation prevents fading, static and other troubles of ordinary radio. The waves are guided by the inner surface of the tube and the outer surface of the central wire which have the same axis and give the cable its name, "Coaxial."

New cable takes much less copper than former telephone circuits which carried only four conversations on each two wires. The invention when perfected for commercial service, promises sweeping changes in long distance telephony and television.



# Farmers Need Not be Guinea Pigs

By L. F. LIVINGSTON

Manager, Agricultural Extension Section, E. I. DuPont de Nemours & Co.

THE FARMER of today finds himself on the national laboratory operating table with a regiment of experimenters gathered around, each with his special nostrum to try. The politicians of the Corn Belt and the Wheat Belt and the Cotton Belt are there as are all of the other professional medicine men who have been prescribing for the farmer for 15 years or more.

The butcher, the baker and the candlestick-maker, the professor, the lawyer and the merchant chief each has his hypodermic needle poised to inject the one cure-all that will make the farmer a new man. This concern is flattering, no doubt, and it is only charitable to view it as well intended, but so have been the experiments that have sent armies of four-legged guinea pigs marching to their doom.

With so many doctors in the agricultural clinic, and so many remedies being offered, it is not strange that the farmer should be confused. His troubles have become the common gossip of the nation, a major concern of government and courts and editorial writers. Moreover, it is not strange that, amid this confusion, those men who have dedicated their lives to agricultural betterment should have been crowded out of the picture.

I refer to the technical men of the farming industry—to the specialists in plants and soil of the experimental stations and agricultural colleges, to the county agents, to the agricultural engineers. Yet, it is in technical improvement and in technically-fostered change alone that the permanent security of agriculture rests. Laws can't make a poor farm good, or make an ignorant farmer smart.

When I say that technically-fostered change is the one hope of agriculture, I am simply reporting what American agricultural history records in letters as big as barn doors. This is not our first farm crisis; it is not our first experience with over-production, so-called, and crop prices that don't pay for the seed and labor



H. ARMSTRONG ROBERTS

**POLITICAL experimenters to the contrary notwithstanding, the place to solve the farm problem is the place where it has been solved in the past—on the farms**

of planting. We have been through it all repeatedly, and each time the solution has been the same. A new and superior agricultural industry has emerged—built, not by laws, but by the daring of the American farmer himself and the ingenuity and inventive genius of the technical man.

We speak of labor-saving machinery as an industrial development. The fact is that the American farmer, fac-

ing a chronic shortage of labor, gave the labor-saving machine its first wide-scale introduction to the world. Before the Civil War, the McCormick and Hussey reapers, the mowing machine, seed planters and mechanical cultivators were being used on farms. In the late Sixties, farm productivity leaped ahead in technical revolution that cut labor requirements per acre from one-third to one-half.

Threshing machinery came into

## Science Plows Under a Surplus



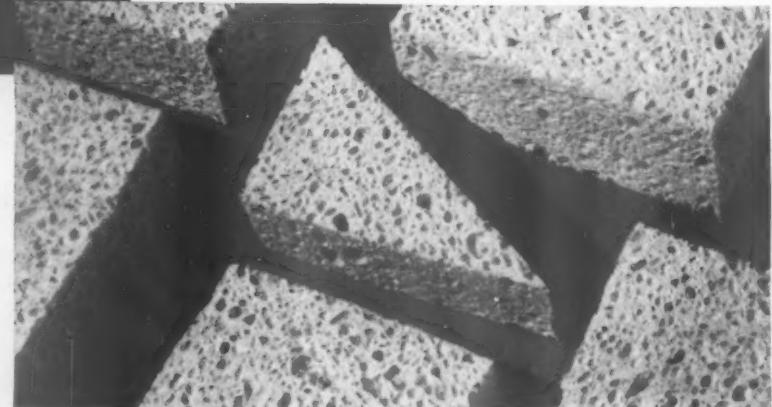
Although everything this young woman wears, including flowers, handbag and shoes (also the covering of the chair and the enamel on her fingernails) is made from cotton, she still demonstrates only a few of the 10,000 uses developed for that crop



AKRON PHOTOS  
To make a mirror like this they once shot an elephant. Now they pick cotton. This adds about one-fifth to the cash value of the cotton. The elephant prefers it, too



GÁBOR ÉDER  
Cotton even competes with the oysters. The latter makes more expensive pearls but he can't match them so perfectly



GÁBOR ÉDER  
Combine cotton and wood cellulose and get a sponge with holes whatever size you prefer

use in all of the great grain-growing regions, the steel plow supplanted the iron plow on the prairies, and the American farmer became the most efficient producer in the world. A steam-driven plow was even invented and tried. It was unsuccessful, of course, but it indicates the trend of farm practice at a time when tractors and motor cars were undreamed of, the telephone and motion picture were unknown, when candles still lighted our railway coaches and paper was still made by hand-processes from rags.

This technical revolution was the answer to a farm problem fully as serious as the present one. Land was to be had practically for the taking. The farm laborer worth his hire preferred the independence of his own farm to hired work. Expanding industry paid higher wages than the farmer could afford. The South alone, with slave labor before the Civil War and an interrupted industrial growth afterwards, escaped this labor shortage, which is probably why cotton lagged for a time in the development of mechanical equipment. But, as the need has grown, a similar technical revolution has swept the South. This has been most marked since the World War.

#### Previous farm depressions

OUR first taste of overproduction in farm crops came in 1819, after the Napoleonic Wars. With Europe's able-bodied men in uniform, American farmers had expanded to meet the world demand for food, wool and cotton, just exactly as they were to do a century later. The battle of Waterloo started a depression from which American agriculture did not recover until 1830.

Seven years later, further farm expansion, in which many thousands of acres of new land were put to the plow, brought a repetition of the story. And again, after the Civil War and after the World War, crop surpluses piled up in every producing center, the bottom fell out of the market, farms went under the sheriff's hammer. Farm bankruptcies in 1922 constituted 14 per cent of all bankruptcies.

In each of these major agricultural depressions, while the politicians pointed with alarm, the farmers themselves went patiently about the business of licking the bad times on the acres of their own farms. Their one reliable weapon was technical improvement, the broader phases of which may be grouped into four divisions.

Division one is the mechanical. From the early decades of the Nineteenth Century to the present, the

American farmer has found better tools a sure means to lower costs. He relied on them largely to pull him out of the post-Civil War depths, and with each economic crisis since, mechanization has been further intensified. To cite a recent example, the number of tractors on farms increased by 260,000 units and 7,000,000 horsepower between 1920 and 1925. Motor trucks and stationary gas engines added 6,000,000 horsepower.

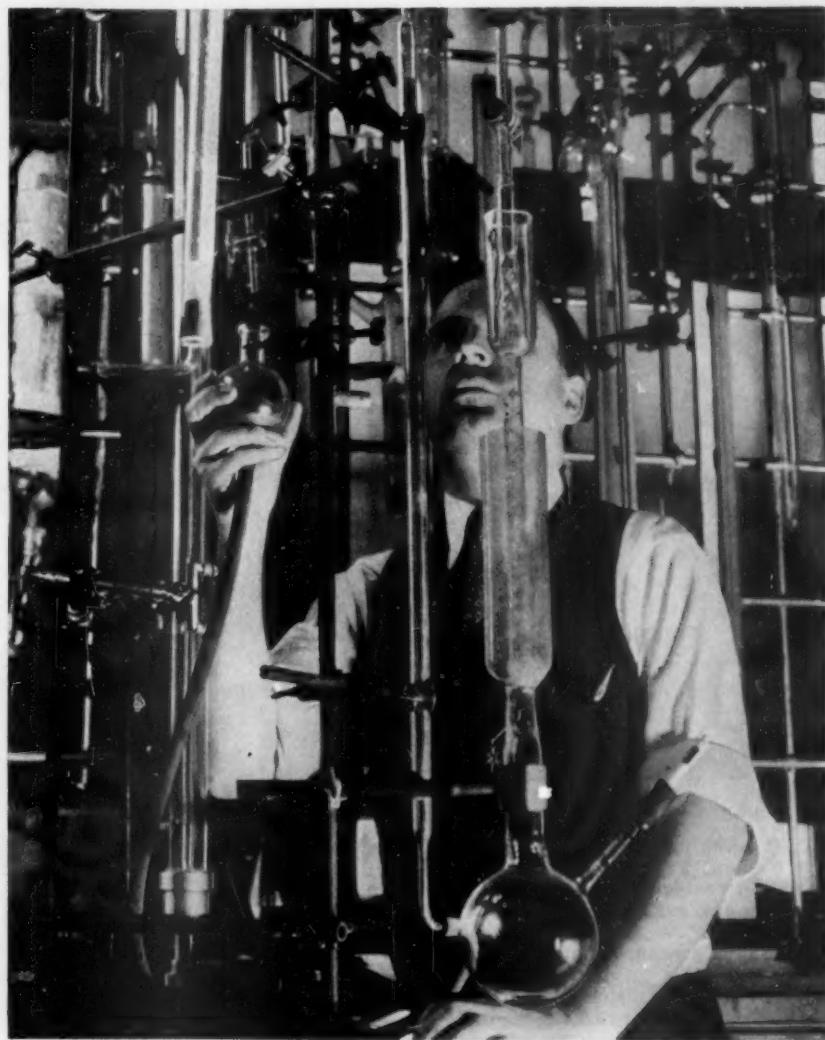
On the Great Plains, introduction of the combined harvester-thresher cut the cost of harvesting in half. Tractors in the cotton fields of Texas and Oklahoma enabled a man almost to double the day's work he had done with four horses. Cotton harvesting by the sled or stripper was introduced, and one man could pick as much cotton in a day as ten men did by hand. Throughout the land, efficiency went up, unit costs down. It

was the farmer rising to a need for production.

Division two might be captioned Scientific Advance. It has taken its longest strides forward when the agricultural skies have been blackest. The post-Civil War collapse also provided the stimulus to more scientific soil preparation and cultivation, and out of it grew the great commercial fertilizer industry. For the first time farmers began to think in terms of nitrate, potash and phosphate. Since the Civil War, the chemist has rendered us independent of the world in the supplies of these vital soil materials.

#### New crops help farmers

INTRODUCTION of seeds resistant to drought, cold and disease; the introduction of wholly new crops such as the alligator pear, the mango, the Chinese persimmon, Egyptian cotton,



EWING GALLOWAY

**REPEATEDLY in past crises the technical man has come to the aid of the farmer with new production methods and new uses for agricultural products. He will come again**

Durum wheat, soy beans, and on through a long list; the development of new and better insecticides and fungicides and chemicals for disinfecting seeds before planting to increase yields—these and other developments of plant pathology, bacteriology and chemistry have been the recourse of the farmer in depressions past and present.

Prodigious feats have been accomplished in eradicating disease among live stock, in developing effective methods of immunization, and in better feeding and breeding practices. The present period is being marked by engineering projects to check soil erosion, effect better drainage, re-

plan field and building arrangements, and further to introduce electric power. As never before farmers are awake to the need of better methods of soil conservation, and to the need for better planning.

Division Three of the technical advance is the farm cooperative movement, through which have been developed vastly improved methods in marketing and control of production. The Granger movement got its start in the agricultural crisis after the Civil War. In the ten-year period of 1915-1925, and mainly in the latter years of that decade, cooperative marketing associations doubled in number and the value of crops han-

dled by them increased 1,000 per cent.

The South showed the most striking advances. Cotton associations increased their business by almost 10,000 per cent, while the membership rolls of cotton and tobacco associations together mounted by 1,300 per cent. Figures may be dry but no words can so dramatize the farmer's reliance upon self-help in times of adversity.

In this latest crisis, true to precedent, cooperative effort has again expanded. What the citrus fruit branch of the industry has accomplished in national advertising has pointed the way to a new type of farmer activity

(Continued on page 114)

## Stocks Go Up—and Down

Harrison Williams visits with Commissioner Matthews between sessions



PHOTOS FOR NATION'S BUSINESS BY HAMMER  
When SEC attorneys introduced their logarithmic chart to show "adjusted" prices of certain stocks, Mr. Williams objected because his men had had no chance to check



Harrison Williams, center, goes over facts before testimony begins with counsel, J. C. Higgins, at his left and Messrs. Kilmarx and Johnson of his own organization

**A**FTER seven years of utility holding company investigation by the Federal Trade Commission, the Securities Exchange Commission re-opens the utility probe indirectly through its authorization to examine investment trusts under the Holding Company Act.

Commission examiners attempted to show that Harrison Williams, one-time bicycle manufacturer, held a controlling interest in one-sixth of the nation's light and power companies. Mr. Williams denied it; told the examiners how his investment of \$2,500,000 was increased to a paper value of \$612,000,000, which subsequently declined to about \$5,000,000. As is usual in such investigations, much greater interest was shown in his gains than in his losses.

Washington observers say present publicity given to investigation of utility holding company investments together with a new Federal Trade Commission probe sponsored by the Norris-Rankin group in Congress may be used to help create sentiment for a national power policy that would demand public ownership of the electric power industry.

# Is Use of Natural Resources Waste?

By GEORGE OTIS SMITH

Former Director, United States Geological Survey



A SINCERE effort to determine how much of the constant appeal for conservation is based on facts and how much is based merely on emotion, with special attention to the current fear of "land-waste"



Nature speedily heals old scars. One of these photos is virgin forest. The other is 30 year old second growth. Which is which?

FOR a generation or so now, the call has gone out to Americans who love their country to cease all wasteful practices. Even America, the beautiful and the bountiful, we are warned, has limits to its wealth, whether our fathers realized it or not; and so, patriotism with a purpose must focus its vision on our nation's future.

These appeals in the name of conservation have expressed varying content of fact, fancy and emotion. Subtract the emotion, and conservation becomes largely a test of how far we can see rather than a measure of morals.

We should not, then, condemn so much as pity the defective eyesight of our fellow citizens who can see no reason why we as a nation should not spend as we go, regardless of the sources of our present wealth and equally thoughtless as to the wherewithal to meet future needs.

From time to time, however, when emotion enters the public discussion of conservation, violent indictments are brought against the profligate

pioneers who blazed trails across the continent, cut down forests, and otherwise changed the face of nature. Even such epithets as "thieves" and "footpads" have been used in describing these earlier settlers who, lacking the present advantage of looking backward, used nature's gifts to man as though primarily intended for their race and generation. Yet, it may be conceivable that these same

miscreants, when not otherwise employed, dreamed of more and better homes in the new land, because theirs were the home-seeking generations.

The current fashion in conservation alarms is land waste. This is not altogether new, because 30, even 40, years ago Government foresters and geologists, prosaically seeking scientific remedies rather than political issues, were studying soil erosion



The open-cut copper mine at Bingham Canyon represents 30 years effort with power shovels. The terraces are unsightly, they have made 4,000,000,000 pounds of copper available for man's use

in the older South and newer West. Indeed, a recent reference to the Forest Service as the "Old Guard in Conservation" is equally picturesque and accurate.

Moreover, the early conservationists recognized the need of checking erosion on cultivated acres. George Washington and Thomas Jefferson preached and practiced contour plowing as a means to that desirable end.

So, soil-erosion, now termed the "rape of nature," is literally as old as the hills; for erosion, which obviously has to attack the top-soil first, has been nature's own favorite levelling method through countless geologic ages. Man's brief three centuries of pushing America's frontier ever westward, even were the laborious effort burdened with a criminal intent, seem insignificant as compared with nature's ceaseless removal of soil by running water. The Colorado and the Mississippi had been habitual offenders in this business long before Coronado and De Soto arrived to witness the spectacular evidence of their operations.

Similarly, the Dust Bowl, so intensively publicized in these latter days, had long experienced dust storms, for the wind brings the fine soil as well as takes it away.

Admittedly, unwise cultivation of arid lands has resulted in unforeseen soil-waste on a scale involving many millions of acres, but the West is not all dust bowls or regions of vanished grass. Such unplanned ruin may constitute one dark page in recent annals, but there are many far brighter pages in the land ledger of our country. Man has conserved and reclaimed as well as wasted.

#### There is gain as well as loss

NO ONE can cross and recross this continent through recent decades without observing year by year new fields of grain or alfalfa pushing back the sagebrush and fruitful orchards occupying once barren valleys. That movie script of the conquest of the desert by irrigation is as much romance as the news-reel of eroded grasslands is tragedy. A national panorama that omits either is defective because out of drawing.

If our judgment is to be just and our remedial action sound because predicated upon truth, it is essential that the whole case of national conservation be fairly stated and shown in true perspective. Dramatic regimentation of picked facts and smart arrays of vivid phrases and highlight

statistics are not enough. Not only the vanishing grasslands of the dust-bowl region but the far larger stretches of pasture lands on the high plains of Texas and other states are items to be entered in the balance sheets of land economy.

When the tragedy of land exploitation is being presented, the audience easily overlooks the details of the background of America, that vast western empire of plain and plateau, mountain slope and river valley, over a considerable part of which the original turf remains unbroken by man's plow, even though a large part is closely cropped by overgrazing. In places, so static is nature's domain, the century old wheel ruts marking the Oregon Trail of the ox-cart era can be traced even today.

Moreover, in the all too common areas of "unendurable desolation" chargeable to that greatest enemy of the forest—fire—nature has an effective way of healing old and deep scars. Some observers, who witnessed the sad devastation by fire of large acreages, both East and West, have rejoiced 30 or 40 years later, when revisiting these scenes, to find those bare slopes now fully covered with thrifty forest trees. The one view of such a disaster in the making is



Whether or not the result  
and paid wages and taxes

not sufficient basis for passing judgment on nature's inability to restore her depleted resources. Another crop of timber has seeded itself.

Man's span is too short and nature's processes too slow for us always to see or think our way through in this matter of planning. The story is told that early in British history the conservationists were worried about the rapid cutting off of the yew trees from which came the long bows—Britain's chief defense against the Teutons whose yew forests were much more extensive.

Another alarm came later in the history of England when the oaken sides of the ships of the line constituted the trusty bulwarks of defense for the tight little isle. Then it was that Lord Nelson's successor at Trafalgar foresaw the eventual exhaustion of English oak and, whenever ashore, he went about planting acorns for the future navy. No doubt, Admiral Collingwood's trees could today supply ship timber, but England's floating fortresses are now being built of different stuff.

Twenty years ago, Professor Ely



Scrap metal classified for reuse, a form of thrift which saves a billion dollars a year but which conservationists frequently overlook

condensed his 90-page discussion of the economic theory of conservation into half a dozen words:

"Civilization means regard for the future."

#### Research may change our needs

YET, however intently we may give thought to the morrow, the unprecedented genius of research and invention clouds our vision: steam supersedes wind and steel replaces oak. What tomorrow's demand may be cannot be predicted, at least un-

less we possess that degree of omniscience that some may claim for themselves. It is more the part of wisdom, however, to reserve what may not be needed tomorrow, than to be blind to the fact there is a tomorrow.

Though conservation may be described as avoidance of waste, it is far from a simple matter to plot the true course for nation or individual. "Thrift" and "waste" are not exact terms and the most frugal motives sometimes lead to wasteful practices.

(Continued on page 108)

# Washington and Your Business

By HERBERT COREY

**S**I X seasoned correspondents sat around a table in the National Press Club. Each had had years on the job.

"There is a clear majority—in sentiment—against the President's plan to revamp the Supreme Court, in both House and Senate. But he will win. The boys will not be able to take it when he turns on the heat."

That was the Voice of Experience on the Air. The six did not think it possible that the President would consent to any compromise. Not one impugned the President's motives, suggested that he wished to be a dictator, or thought he had any idea of being a candidate in 1940. They agreed that he thinks he received mandate to do what he wants to do and that he is determined to do it.

## Governors Making Hay

ONE of the six knew a Democratic governor who had been called to Washington. When he reached here he was asked:

"What do you want for your state?"

"We have a million dollar project—"

"Is that all? That's easy."

The correspondent said when the Democratic governor left town he had \$6,000,000 worth of projects in his sack. He had found time in which to visit his senators and representatives on The Hill. Is the story true? I wouldn't know. But I've known the man who told it ever since 1918 on the Rue St. Honore and I've never yet caught him in a lie.

## They Don't Like It Back Home

ANOTHER senator, also Democratic, and not very long ago New Deal, reported that his mail is jammed with protests against Mr. Roosevelt's Supreme Court plan.

"Last Monday morning," said he, "I received 400 letters. That is more than any previous day's mail. Twenty-nine of them supported the President. Twenty of the 29 showed some evidence that they had been written to form. All the others opposed the President's plan. One man wrote:

"I voted for Mr. Roosevelt because I thought we had a police dog in the Supreme Court. Now he wants to trade him for a lap dog."

## New Plan for Democracy

ONE of the senators, who views with a good deal of alarm but thinks he will vote "yes" when his name is called, said that he has a plan:

"The only way to make our scheme of a tripartite government work," said he, "is to give the Australian ballot to the Senate and the House of Representatives."

## Glacial Days in The Union League

THE Union League Club of New York recently changed its constitution and by-laws to permit the admission of Democrats to membership. Previously it had been rigidly Republican. Then things began to happen in Washington. A friend writes:

"In the main dining room there are portraits of 25 or 30 dignified old fops who were distinguished members in their day. I noticed that the brass name plate had recently been removed from one:

"Who was he?" I asked.

"He was the first man who ever brought in a Democrat guest."

## No Honest Competitor

THE way to be happy though dishonest has been pointed out by the Federal Trade Commission. Some time ago the FTC was asked to issue a "cease and desist" order against

the manufacturers of a patent medicine. The Commission decided that it could not do so. The decision was in effect:

"It is true that the advertised remedy is fraudulent. But the Commission's powers are confined to the protection of honest competitors in business. As the manufacturers of this remedy have no honest competitors nothing can be done."

## What Will the Poor Child Do?

Not only have barrels' full of new ideas been poured on Congress, but it appears that the ideas that looked good last year were not sufficiently considered. The Social Security Act, for example, is in for a revamping. It may be a lovely piece of idealism but in practice its tires seem to be rather flat. Too many things were overlooked in the ecstasy of creation.

"For example," says a correspondent, "a friend works for four different companies. Each pays him \$3,000 a year. He must therefore pay a monthly assessment for each of four jobs, but when he is 65 he will only draw retirement benefits on one."

His bad luck is not to be compared to the six months' old Hollywood baby. His name went on the Social Security books when his parents signed him up for his first movie job. He will pay on every job until he is 65 years old. His Federal pension will then amount to about what would be the interest on his first pay check if it had been deposited in a savings bank and allowed to compound.

ONE of the professional testers of the congressional bodyheat had a chat with a Senator last week and came away with a light case of trembles. The Senator is on the Democratic side. He has been supporting the President because he thinks it is politic to do so, and because his state has been getting jobs and millions, and the politicians back home would burn his ears to the ground if he did anything else.

"But," he said, "I'm alarmed."

The Senator said that what has been called a reorganization bill—and which most people have supported because every one knows the Government needs reorganization—will do two things if it becomes a law. It will give the President a greater control over expenditures than he has ever had. By a simple process of eliminating a bureau and taking possession of its funds he could do almost anything he wishes without bothering to go to Congress for authorization. The second thing to which the Senator objected is that the Senate is al-

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**2**

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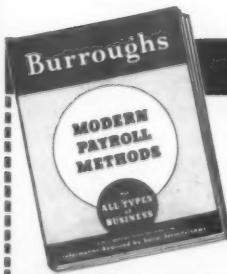
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**4**

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most relieved of the right to reject presidential appointees. The bill also does away with the pre-audit which compels spending officials to obey the law.

"You can put your own title on the President who might be possessed of these powers," said the Senator. "I will not. I'm scared, boy, I'm scared."

#### Alex Was Not Informed

ACRES of new residences are being built in and near Washington. The hotels are full. The new building in which is to be housed the Department of the Interior could probably accommodate the First Division, U. S. A., if the doughboys were not restless. More new buildings will be needed for the departments, bureaus, commissions and independent offices to come. Washington's cave-dwellers have rented their caves to the Government. This leads to the conclusion that Alexander Woolcott was all wrong when he urged Congress not to build an art gallery in which to house the Mellon collection, but to send the paintings on tour:

"Give every one in the United States a chance to see them."

Every one will have. Sooner or later every one will have to come to Washington to check in.

#### Voice from The Past

"As near as I can recollect, Jedge," said the witness, "the dyin' statement of the deceased was:  
"Four aces to beat."

#### Pay the Cubans To be Good Boys

IN 1934 Congress made a tariff concession of \$22 a ton on raw Cuban sugar. In 1936 Americans used 5,521,000 tons. The concession therefore amounted to \$121,462,000. The price of sugar to the American housewife did not change. The British housewife gets her sugar at a penny less a pound:

"What became of that \$121,462,000 which should have been saved to the American housewife?" asked Congressman Crawford, of Michigan.

His answer, compressed for lack of space, is that some of that \$121,462,000 went to people who were once revolutionists in Cuba but are willing not to be revolutionists if some one pays them to sit home and play with the baby. (Mr. Dewey in New York has uncovered the same kind of a racket. If a restaurant owner paid the gang, no stink bombs were thrown at the piano player.) Mr. Crawford quotes Assistant Secretary of State Sayre:

"In our Cuban trade agreement we were thinking of something more than dollars and cents. . . . If Cuba cannot sell her sugar it means starvation, hungry people, social disturbances, possibly revolution."

Mr. Crawford is merely inquiring about our subsidizing the dove of peace. He wants to know how much territory the dove may take in? What if there is trouble in Guatemala? What will the housewife say then?

#### Counting Up On Big Steel

NOW that some of the shouting has faded out it appears that John L. Lewis and the CIO may not have won as much of a victory as that able general stated in his communiqué. It is true that the CIO was given permission to negotiate with Steel on wages and hours.

That was fine.

What seems to have been forgotten by the public is that the C.I.O. has had that all the time. Section 7(a) in

the NRA code provided that the steel industry—and other industries—should negotiate with organized groups, but it did not provide that one group, headed by Lewis or any other man, should have the power to negotiate for all groups. That has not been changed. The leaders of the CIO may speak for their men, but not for men who are not members of their organization.

Lewis might have had the same concession without going to the trouble and expense of a strike.

#### Labor Leaders Need Strikes

LABOR leaders, however, need strikes if they are to continue to be leaders. This is said in no critical humor. A union that goes along, month after month, everybody happy, no quarrels with the management, satisfied with the wages paid, begins to grow lukewarm toward the leaders:

"What's the use of paying thousands of dollars a year to leaders who do not lead? We're getting along O.K."

So they stop paying dues. The only way in which a labor chief can hold his job is to stir up a strike now and then. A little thunder in the wings sounds like a storm to the audience in the public's seats.

#### The Battle of General Motors

THE "victory" won by CIO on the affair at Flint amounted to just this. General Motors did not insist that the sit-downing be ended before the conference was held, but began the conference before the men came out. That was all.

The parties to the conference then agreed that General Motors should make its bargains with organized groups, and not with the single CIO organization. That was merely a resumption of the *status quo*. It was also agreed that the CIO should do no proselytizing in the plants and that General Motors should not interfere with any work of unionization its leaders wished to do on the outside. There is no record that General Motors had interfered with the job of unionizing which resulted in the strike.

General Motors could do nothing else, in view of the attitude of the Administration. It was after Secretary of Labor Perkins rendered her office opinion that sitting-down is legal that the epidemic of sit-down strikes became general. Sixty sit-downs were called in a single day.

#### More Gold is Being Buried

ONE of the correspondents who keeps his eye on trivia called attention to the fact that from \$25,000,000 to \$27,000,000 of fresh gold is coming in each week. As rapidly as possible the gold now on hand is being buried in a large hole in Kentucky.

"I want to know why," said he. "We are not being threatened by foreign invasion. Nor is there a domestic insurrection in sight. Even if we did insurrect and dig up the gold the law wouldn't let us spend it."

Meanwhile the few cents more per ounce being paid by the United States operates as a forced draft on the new gold rush. We're getting practically all. Johannesburg in South Africa is the world's hottest boom town today. Fan dancers, hostesses, drink mixers, three card men, purveyors of Ye Olde Indianne Remedies, and desert lot salesmen are heading for "Jo'burg" from all over the world. Maybe this is how we'll make our profit.

#### New Power Plan Out of the Hat

THE "Flood control" bill introduced by Senator Bulkley discloses with apparent accuracy the scope of the new power plan. It sets up seven regional Authorities. The Tennessee Valley Authority makes the eighth. Each regional Authority will be given funds and power, if the bill becomes a law, to build so-called flood control dams. The eight

# The Rose Petal on the Cup



*Remember the old legend of the gracious host who offered his guest a cup filled to the brim? And then on the top he dropped a rose petal—the final token of consideration.*

WITHIN the reach of many a man is a "cup" brimful of future security for his wife and children, should anything happen to him. And in addition to that full measure of protection for them, the "rose petal" on top pledges future comforts for himself at retirement age.

In step with other modern advances, life insurance has found ways and means to include many kinds of financial protection in a Life Insurance Program and even in a single policy.

Security for a man's wife and children is usually his first consideration. But the majority of the men who read this advertisement will reach 60, if they have not done so already, and will need an income at retirement age. The children in many of their families will grow up and become self-supporting. Then will come the time when the insurance which spelled safety for many years can be converted into a regular monthly income, permitting father and mother leisurely to enjoy their later years.

A Metropolitan Field-Man will be glad to show you how you can arrange this security for your family and yourself. Telephone the nearest Metropolitan office and ask him to call—or mail the coupon.

*The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.*

*The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.*

Metropolitan Life Insurance Company  
1 Madison Avenue, New York, N. Y.

Without obligation on my part, I would like to have information regarding a Life Insurance Program to meet my needs.

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ 47-N



## METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER  
Chairman of the Board

ONE MADISON AVENUE, NEW YORK, N. Y.  
Copyright, 1937, by Metropolitan Life Insurance Company

LEROY A. LINCOLN  
President

Authorities, incidentally, will cover most of the territory in the United States in which useful water runs down hill. The so-called flood control works will be equipped to manufacture power. To keep the eight power cats from fighting in the sack a Supreme Authority will be named to rule them all from Washington.

On The Hill, where these bills are being watched with interest, and in private utility circles, it is suggested that the Power Czar may be Morris Llewelyn Cooke. He resigned as chief of the Rural Electrification Administration some time ago and left for a vacation in Europe. The rumor grew that Cooke had been given the bow-string, but the fact seems to be that he is taking a real vacation, and will get a big job when he returns.

### **Another Way to Choke the Cat**

A COMPLEMENT of the Bulkley bill may be offered by Senator Bone, which provides that in federal power projects only the actual cost of the power facilities shall be charged against power. At Bonneville, for example, no part of the cost of the greatest dam on earth would be charged against power under such a plan, but only the tunnels and turbines and dynamos actually engaged in the production of power. This would whittle the apparent overhead of a federal power project down to nearly nothing—a dispute has raged over the actual cost of TVA power from the first dollar—and would permit the creation of a yardstick which would dwarf all others.

The Ashwander decision in the TVA case was that the Government might lawfully sell power produced incidentally to its flood control and navigation betterment projects, but that it could not go forthright into the business of competing with its citizens. A 15 man Supreme Court could change that, of course. Law, as some one might have said, is where the heart is.

### **McNinch Now Swings the Lead**

WHEN J. D. Ross, head of the publicly owned power plants of Seattle, was appointed to the SEC some people thought he was on his way to higher and brighter things. He looked like a natural for Federal Power Czar, for example, when and if. But Ross disqualified himself:

"I wouldn't smash the privately owned utilities," he is quoted as saying. "I'd buy them out at a fair price and keep their good will. I'd even pay them a high price rather than do them an injury."

His immediate fade-out was followed by the projection of Frank R. McNinch on the power screen. Mr. McNinch is chairman of the Federal Power Commission and the opposite number to Basil R. Manly, who is vice chairman. The public prints have not been cluttered by statements that they love each other. Recently Mr. McNinch has taken advanced ground in favor of rigid federal control and/or ownership of power. This puts him one move nearer something or other and by so much retards Manly, who told the World Power Conference that publicly-owned and privately-owned power could and should cooperate.

### **Putting a Crimp In Ambition**

SOME time ago a serious condition arose in one of the great financial structures. Some millions in cash would save it. If it failed, the entire country would feel the blow. Every possible source of aid was sounded without success. Then one public-spirited man was found who would undertake the burden:

"But I must have help," he said. "This is too much for me to carry alone."

He found two men who were willing to go along. One withdrew after examining his own affairs.

"I would have to sell some stocks and bonds to get my one-third of the money," he said. "By the time I got through paying the government's tax share I would lose money." The second man had some cash on hand and continued his cooperation.

### **Uncle Sam Takes All**

THE two men put up \$2,000,000 of their own money and borrowed \$1,500,000 more of the banks. They prevented a crash that might have brought the stock market down in ruins and, conditions being what they are, been felt in every financial center in the world.

"I think we will make a little," said George A. Ball, that extraordinary adventurer of Muncie, Ind., who bought control of the Van Sweringens' railroad properties to protect the public. "But I really have not much ambition to make money. You see, the Government would take 70 to 75 per cent of my profits if I made any. That takes the heart out of a business man."

### **Capital and German Law**

RETURNING visitor to Germany brings story of young American who made a definite success with a small factory near Berlin. Now he wants to sell out and come home. No one has any objections. The law governing the movements of capital has been so construed, however, that it will be impossible for him to take out of the country any of the money he might receive at a sale.

It appears there is only one thing he can do with his money, if he sells the factory. He can invest it in factory betterments.

### **The Baby the British Dropped**

THOSE familiar with the housing situation point out that the Wagner bill does not at all resemble the British Slum Clearance Act of 1930, which was the product of years of experience. The measure now before the U. S. Senate provides for:

The issuance of \$1,000,000,000 in bonds for slum building in four years:

This fund is to be lent to local governments on any security they wish to offer. The United States Housing Authority is authorized to grant for a period of 60 years to local enterprises sums sufficient to cover the interest due the Government for the money lent, plus one per cent amortization. This is equivalent to a gift of the \$4,000,000,000 to the local governments. No provision is made for repairing usable houses, nor for rehousing slum dwellers. Nor is social or health supervision provided for.

### **Borah Laughed At This Story**

WHEN U. S. Senator Borah made his almost single-handed and wholly unsuccessful fight in the Senate against the Pittman cash-and-carry bill—

"It is an abandonment of the American position that the seas should be free—

"In effect it makes us an ally of the nations with big navies—

"It bars us from helping the weaker peoples—" some one told him a story.

Four young men with unpronounceable names raced through a New York subway train knocking down passengers, pinching girls, and laughing merrily. At last a man folded his newspaper, rose and knocked them down as fast as they got up. Then he dusted off his hands, unfolded his newspaper, and began to read again:

"Some one," he said, "had to do it."

Borah laughed. But it was just a neck laugh. It didn't get anywhere near his belt buckle.



*... so this Company uses*  
**"COMPTOMETERS"**

A weekly payroll for 27,000 employees . . . thousands of invoices for material and supplies . . . production figures . . . statistical reports and financial statements for management.

That's a hasty word-picture of the tremendous volume of figure work required by one of Detroit's leading manufacturers of medium-priced passenger cars and trucks well known for their dependability and beauty. And here's what the auditor of this great company tells us — and you:

"In the automotive industry, speed in the dispatch of figure work is as important as speed on the production assembly line. For upon figures rest executive decisions involving millions of dollars.

"Figures must be ready on time. That's

why we handle *all* our figure work on 'Comptometers.' They are fast, accurate and dependable. Moreover, the service, suggestions and new ideas rendered by the 'Comptometer' organization have been quite helpful in modernizing our figure-work routines, which must be changed frequently to cope with an increasing volume of business."

It is not by coincidence that practically all the major automobile companies use "Comptometers." Nor that a similar condition exists in almost every industrial field, large and small. For the proof of "Comptometer" methods is in results — speed, accuracy, flexibility and economy.

A representative will be pleased to demonstrate, in your own office, the

savings in time and money which "Comptometer" methods can effect for you. Telephone the "Comptometer" office in your district, or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina Street, Chicago, Illinois.



Model J  
*"Comptometer"*

# COMPTOMETER

Reg. U. S. Pat. Off.

# No Business Can Escape Change

## Change—new products to meet old needs, or new needs—is an aid of alert business

**1 • PAPER CUPS** with handles are now available for hot beverages. The handle cannot break off since it is an integral part of the cup. The cups are waterproofed but not paraffined....

**2 • GALVANIZED COATINGS** may be replaced away from the galvanizing plant by simply sprinkling the surface with a new powder and heating gently. It is said to be applicable to all metals, including aluminum, and requires no special preparation of the base....

**3 • A TYPEWRITER** is now designed to justify type-written copy and make the right-hand margin as even as type. It's meant principally for preparation of copy for the various reproducing processes of printing....

**4 • A FLAT-TOP** steel conveyor belt is built to handle light products between departments and through washing, drying, steaming, cooling, spraying and annealing. Specially designed links allow flexing over small diameter pulleys. More links are easily added or removed but the belt does not stretch in use....

**5 • A NEW** water repellent for fabrics simply covers the individual fibers without impeding circulation of air. For upholstery, curtains, some clothing; it does not affect appearance or feel and withstands limited careful launderings....

**6 • BOTTLED BEVERAGES** are made safer by a new treatment applied to the water so as not only to kill bacteria and algae but also to resist future infection. It does not affect flavor....

**7 • A SIMPLE** method of insulating machinery to prevent vibration transmission is provided by rubber springs built between two metal plates for convenient mounting. Various sizes and capacities are available....

**8 • A DUST** precipitator working electrostatically has been devised to remove particles as small as one micron (0.00004 inch) from gases or air. Useful, and healthful, as a super-air cleaner, it's also economical to salvage valuable industrial dusts such as the glaze in plants making china....

**9 • CAVITIES** in trees may now be filled with a rubber specially compounded to withstand continuous flexing and long exposure to sunlight and extreme temperatures....

**10 • AN ELECTRICAL** motor with variable drive has been designed to give remote mechanical control of the variable speed. Infinite speed variation within the limits of the device are possible....

**11 • A SOLDERING** machine now on the market leaves both hands free to manipulate the work. It holds an electric iron and feeds strip or wire solder in the right amount for the job....

**12 • A STRONGER** type of glass finds particular value on small boats where its greater strength and resistance to wave shock add safety, or thinner sheets may be used to save weight. A sheet 1.3 times the thickness of sheet steel equals the steel in resistance to hydraulic pressure....

**13 • A LOOSE-LEAF** filing system for advertising art work and other odd-sized pieces utilizes special clips for suspension from horizontal rods in a steel cabinet. Open-ended

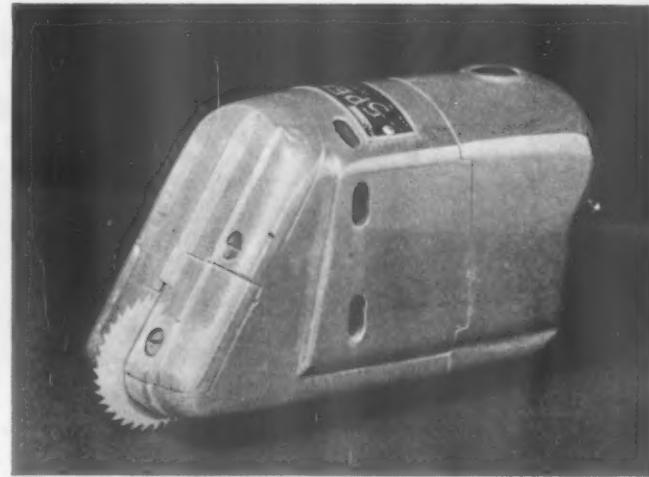
paper pockets may be used for the smaller pieces, the larger ones clipped up individually. The clips easily snap on and off....

**14 • A NEW** desk pad for alphabetical lists—telephone numbers, prices, addresses—opens automatically at the right page after setting a movable index on the metal cover....

**15 • A HAND** truck for light hauling—laundries, restaurants, stores and the like—is folded up to occupy less than two square feet of floor space when not in use. Easily opened or folded and locking in either position, it has rubber noiseless ball bearing casters and is available with either hampers or shelves....

**16 • A FISH** lure for dark days or deep waters leaves the poor fish with no excuse for not seeing it—it's lighted with a miniature battery and bulb which are easily renewable. The body is constructed of a transparent plastic and the metal parts are chromium plated....

**17 • UNTHREADED PIPE** ends may be fitted together without the expense and time of threading by a novel coupling device which holds by compression under gaskets. The pipes retain a slight flexibility....



**22 • A SMALL** electrically driven tool is now available for removing hardened putty from windows with broken glass. It "saws" the putty free from the sash, then the glass easily lifts out. It is also adapted to analogous cutting operations.

**18 • A DEVICE** to measure temperatures inside industrial furnaces or kilns while mounted safely outside or to measure temperatures of moving slabs and the like without contact, saves broken thermocouples. Recording instruments may be attached to give continuous records of heat and control....

**19 • A FUEL** oil burning circulating heater for trailers has just been announced. It has no moving parts, pipes in outside air to avoid exhausting the trailer's oxygen, and may safely be left burning on a low fire all night, or while moving....

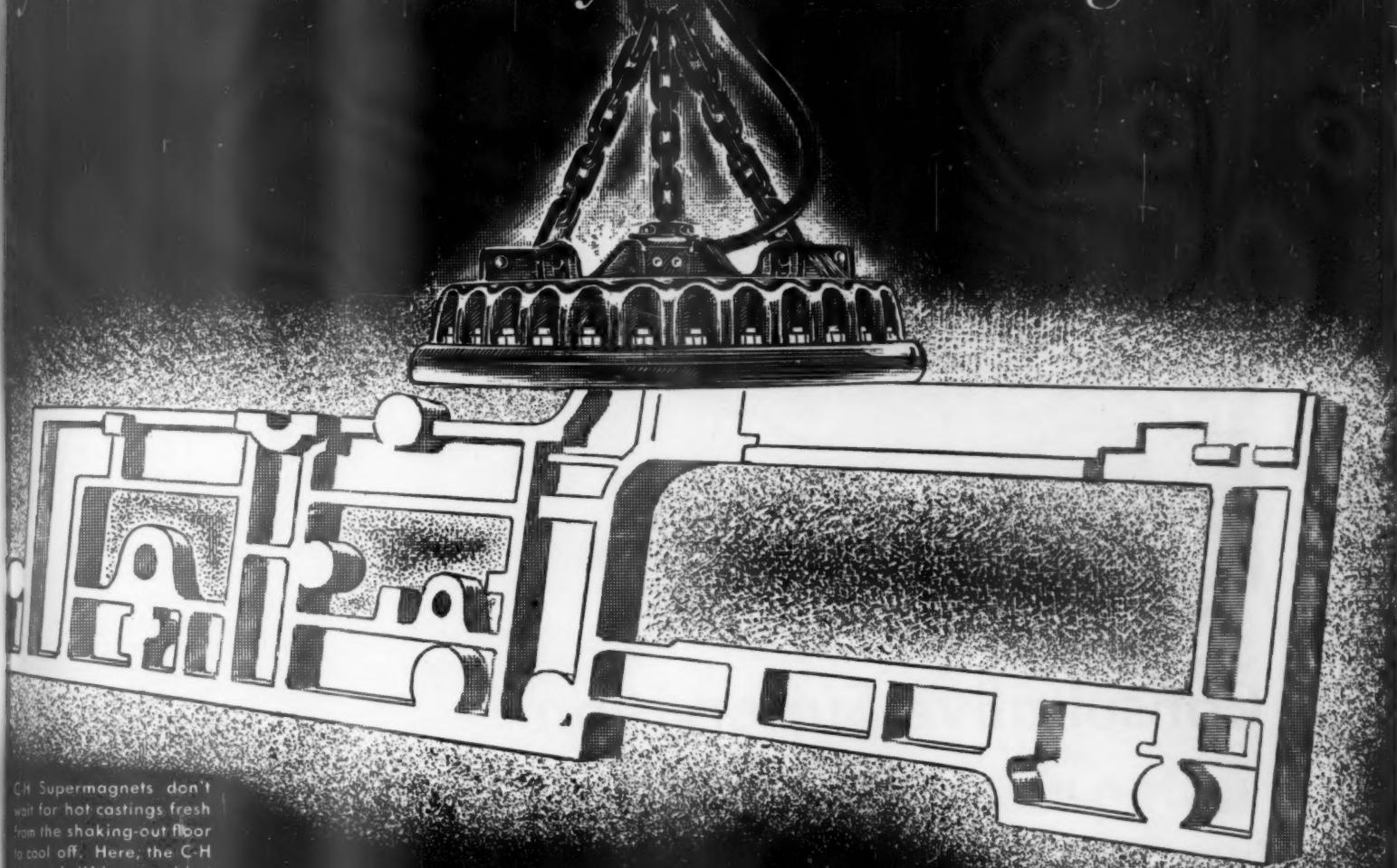
**20 • A DEVICE** to be attached to typewriters makes from one to four duplicated copies appear as originals, being printed from extra ribbons built into the machine....

**21 • A TEA** wagon with two shelves and made narrow to pass through doors conveniently, can be immediately converted into a luncheon or bridge table, without removing articles on the shelves. The bottom shelf comes up, keeping its horizontal position to form the other half of the full top....

—WILLARD L. HAMMER

**EDITOR'S NOTE**—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

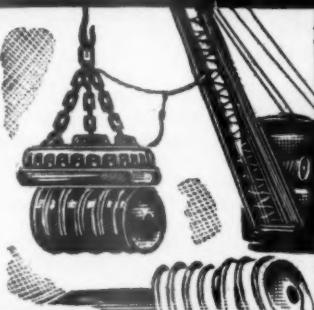
# If it can be Lifted Electrically you can lower your handling costs



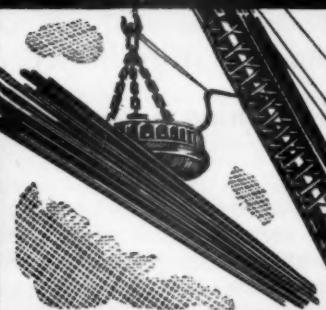
C-H Supermagnets don't wait for hot castings fresh from the shaking-out floor to cool off. Here, the C-H Magnet is lifting a red-hot casting weighing 1430 lbs.



Castings for the annealing oven handled into cars by Cutler-Hammer Supermagnets.



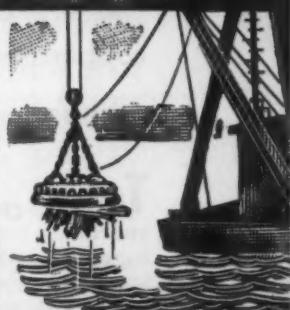
Six heavy railroad car wheels moved effortlessly by a C-H Supermagnet.



Long, heavy, hard-to-handle iron bars present no problem when lifted by a C-H Supermagnet.



Boxed steel parts handled into storage neatly, easily, with a C-H Supermagnet.



Under-water salvage from a sunken barge... All in the day's work for the C-H Supermagnet.

Cutler-Hammer Lifting Magnets not only make child's play of man's drudgery in handling iron and steel, but accomplish the "impossible" at the touch of a lever. Moving jagged, twisted masses of scrap... great unmanageable shapes dull red from the foundry sand... rails and bars bleak and black from subzero cold... material sunk beneath a river's surface... these are a few of the many duties C-H Supermagnets take in

their long stride toward the goal of appreciable savings, day in and day out, year in and year out.

You'll find the "why" of all this in unique construction features, which give Cutler-Hammer Supermagnets greater lifting power, faster discharge, greater heat radiation capacity, superior strength. One of our engineers will gladly demonstrate C-H Supermagnet capacities in terms of your specific needs, at your

request. Write CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1251 St. Paul Avenue, Milwaukee, Wisconsin.





GEORGE LOHR

Nothing so stirs up resentment as action which affects us but about which we were not consulted

his case to his representatives for any action he may be able to persuade them to take. Employees' collective bargaining and the power thus engendered has shaped employment policy and action, and has extended its scope so as to be a real threat to management's power to hire and fire as it wills.

Management executives, therefore, face a decision which will have far-reaching consequences and determine in a large measure just what the future will hold in the nature of increasing material progress in this country. What attitude shall be taken toward labor? There seem to be two or three possibilities:

First, a combative procedure, resisting the collective, forward manifestations of workers as if they were impudent and subversive of vested rights inherent in the management or capital group. Such a method would result in prolonged and mutually disadvantageous losses and conflicts between capital and labor.

Second, a somewhat more conciliatory attitude, yielding under pressure to workers, public or governmental demands for better working conditions, greater participation in profits and more definite economic security.

This road would also result in friction and economic loss. Management would yield only as expediency dictated. It would mean that management would be continually on the defensive.

Third, a more far-sighted and rational approach to the labor relations problems.

Among the possibilities in this third group is a method which may be called consultative supervision and management.

Consultative supervision and management may be defined as the procedure whereby supervisors and executives consult with employees or their representatives as equals on all matters affecting the employees' welfare or interests prior to formulating policies or taking action.

In all human affairs nothing so stirs up instant and severe resentment as action taken by someone which vitally concerns us and which he failed to discuss with us. If this action is favorable and in line with

## Consultative Supervision

By H. H. CAREY

**SUGGESTING a more complete understanding and closer cooperation as a technique for ending strife between the management and the man at the machine**

THE past century has brought an enormous technological development together with a tremendous and, at times, almost overwhelming demand for goods. This condition has kept production, financial and commercial executives so busy that relatively little thought has been given to policies and methods of management.

Until the recent depression, the division between things economic and things political seemed rather definite. Industrialists and politicians seemed to be operating in two distinct and independent spheres.

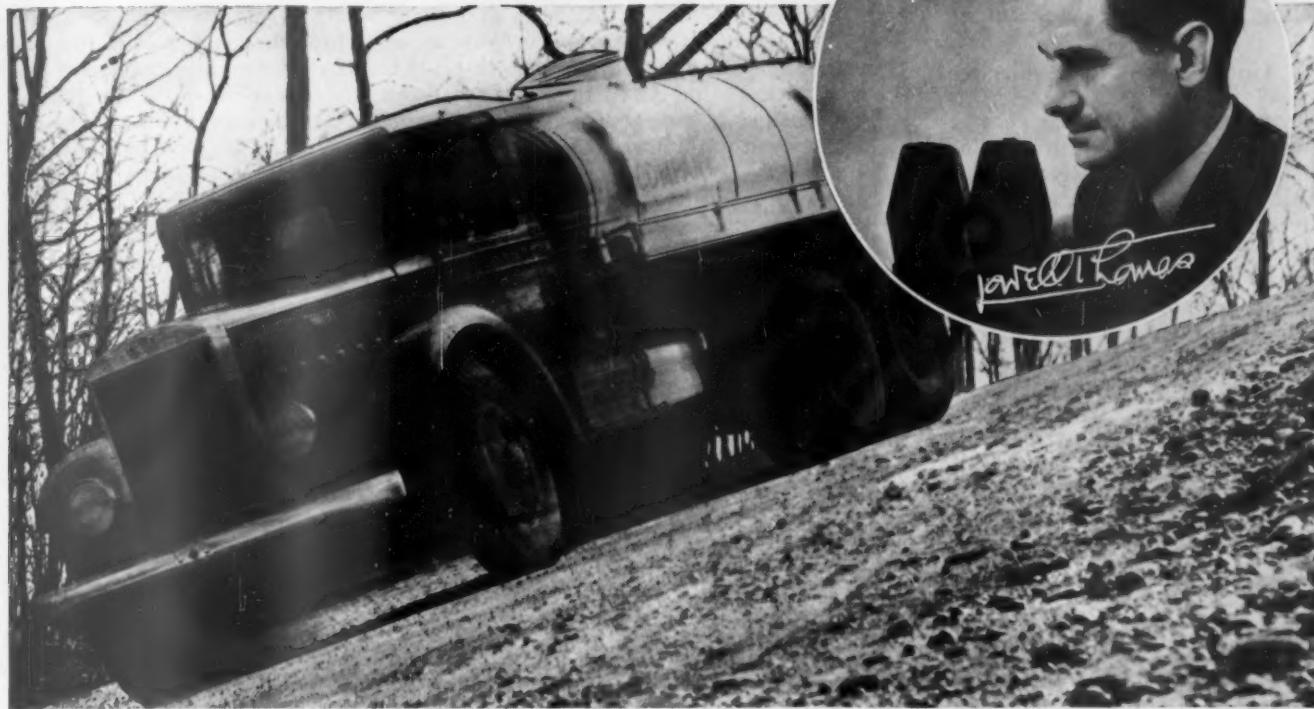
### Changes in industrial relations

BUT the depression has developed a new and basic trend. Public opinion, the ultimate force in a democracy, has demanded through its political representatives changes which it considers essential to meet the demo-

cratic ideals of justice, equality and social security. One of the major fields upon which public opinion has produced a marked change is that of employer-employee relations.

Management's power and authority in the particularly crucial prerogatives of hiring and firing has been sharply questioned. Not long ago an employee who had been let go because of unsatisfactory work and attitude, virtually intimidated the personnel manager by verbal threat of labor disturbance into taking him back. Also in numerous cases where employees have been discharged, the National Labor Relations Board has forced their reemployment. In some companies an employee who is discharged for any reason is still considered to be a member of the organized employee body for a definite period beyond the date of discharge so that he may be entitled to present

# "SLIPPERY ROADS BENEATH US.. 12 TONS OF MILK BEHIND US . . . CURVES AHEAD"



**by Lowell Thomas**

"We had just topped the brow of Deadman's Hill—not many miles from my farm in the Taconic Mountains. Down we started! A steep grade. A road slippery with mud. Sharp curves ahead.

"Here was one of the danger spots on that devil stretch through the mountains.

"I had visions of a skid. A blow-out. There were thrills at every curve. But to the driver, Larry Edwards, this mountain run is old stuff."

"He drives one of the 96 giant milk trucks owned by H. L. & F. McBride of Goshen, N. Y. They pound the highways night and day, seven days a week.

"On these runs a skid is mighty dangerous. A flat tire means an hour and a half lost. A blow-out . . . ?

"Tire trouble used to come often. Too often for safety. But, they tell me, with Goodrich Triple Protected Silvertowns, they've never had an accident caused by tires! Not one sidewall blow-out!"

#### 850,000 MILES A YEAR

"Later I talked to H. L. McBride. He said, 'Our trucks travel about 850,000 miles a year. Loads are heavy. The country is hilly. Many roads are high crowned. But tire trouble is practically a thing of the past. Our Goodrich Tires average better than 58,000 miles.'

"There's a hauling job of the hardest kind—and there's a tire record that speaks for itself."

Lowell Thomas, world traveler, adventurer and farmer, found a new thrill in visiting this big scale trucking operation. He heard an amazing story of tire per-

formance. What's back of this record? Well, here are the facts.

Goodrich knows that 8 out of 10 premature truck tire failures are sidewall breaks. Goodrich decided to do something about it.

#### TIRES NOW TRIPLE PROTECTED

Engineers worked for months. Brought out a new invention—Triple Protection. Built into the sidewall, it keeps tires young. Lets 'em wear out S-L-O-W-L-Y instead of blowing out in a hurry.

Here are the three points of dollar-saving Triple Protection:

1. **PLYFLEX**—distributes stresses throughout the tire—prevents ply separation—checks local weakness.
2. **PLY-LOCK**—protects the tire from breaks caused by short plies tearing loose above the bead.
3. **100% FULL-FLOATING CORD**—eliminates cross cords from all plies—reduces heat in the tire 12%.

There's something for every trucker to think about. It means sure protection against unnecessary road delays. Goodbye to big repair bills. More mileage than ever built into a truck tire before.

For tire information see a Goodrich dealer or write The B. F. Goodrich Company, Akron, Ohio.



**Goodrich *Triple Protected* Silvertowns**

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

our ambitions and interests, the incident may be satisfactory and overlooked. But if it is unfavorable or detrimental, it creates instantly an intolerable situation and something to fight about. To have unfavorable action explained later in an apologetic manner makes it barely tolerable, perhaps. But if the unfavorable and perhaps inevitable action is explained in advance, our resentment and ill feeling is reduced to a minimum.

#### Cooperation is required

NO supervisor or executive who is suffering from a dictatorial complex can work the consultative technique. The method will operate adequately only if the one who uses it has a fundamental and abiding respect for the intelligence, experience and feelings of other people.

Consultative supervision and management can be applied by the board of directors and top management in formulating basic policies. At the other extreme, the lowest ranking supervisor can use it in handling many of the daily job contacts with his people.

Just how would some problems be handled with the consultative method—for example, how would a broad question such as a wage adjustment be covered? Assuming that the matter was originated by management, the heads of the various staff and operating units would be given statistical information showing past, present and forecast data. They

would be asked for recommendations as to the general policy which should be adopted. Each level of supervisors in turn would discuss the general situation. Finally individuals or their representatives would be given an opportunity to express their point of view. No commitments could or would be made to employees on individual adjustments or on what the general policy was likely to be finally. Information gained, however, in this process of consultation might well affect the final policy and some individual rates.

Some executives object to this procedure because of the prospect of what employees or their representatives may do or say under these circumstances. Any employer who has evinced a fair and reasonable attitude toward employees on wage matters will suffer nothing except the experience of seeing his employees

under severe and profound shock. By going through this consultative process any employer, managing executive or supervisor will be better prepared to meet any situation which develops after the policy is formulated and the adjustment made.

Another question which naturally arises is how it would be possible for an immediate supervisor to use the consultative method with the individual worker. The practical man will say that the first line supervisor cannot take the time for all this consultative folderol, that the man on the firing line has to give orders and have them obeyed without question or delay.

Here we come to the real "rub" in human relations—the daily contacts between first line supervisors and their subordinates. Companies which have fine personnel relations policies often have them nullified by lower rank supervisors who give peremptory orders, indulge themselves in childish displays of temper, and slap down the ears of their subordinates. Here is the supervisor who is the least experienced, and it is he who makes or breaks the morale and productive ability of the workers. Perhaps this firing line supervisor is the one who needs most to learn something of the spirit and method of consultative supervision.

It is important that supervisors encourage and show appreciation for suggestions from individual workers regarding their work, work-

ing conditions or other matters.

#### Develop better relations

SHOP workers are likely to get the impression that their supervisors are interested only in output—which is likely to be the case—and they are inclined to feel that the supervisors are too busy, impatient, or ignorant to consider properly anything which they have to suggest or talk about. It is important that supervisors should utilize whatever manifestations of interest employees show on the job to build favorable and constructive attitudes in their employees. In addition, an intelligent supervisor grounded in the spirit of the consultative method will find it possible to substitute requests and suggestions many times for the military type orders which are degrading to the pride and self-respect of the average employee.

If high and low supervisors will take or make numerous suitable occasions to discuss in advance and currently both major and minor matters affecting the welfare, interests and feelings of their subordinates, as if those subordinates were equals and capable of contributing something to a joint enterprise and responsibility, they will have unleashed tremendous cooperative powers. Such action, if undertaken as an informal, natural procedure and carried on with obvious sincerity will give most workers such a sense of dignity and per-

(Continued on page 111)



GEORGE LOHR

An intelligent supervisor will find it possible, by using this method, to substitute requests for military type orders to his employees

# NEW CHEVROLET 1937

The Complete Car - Completely New



You want *all* good things in your new motor car. . . .

And you may as well enjoy real savings in purchase price, in operating costs and in upkeep, while getting all desirable motoring advantages. . . . Careful consideration will lead you straight to this one car—Chevrolet for 1937—*the only complete car—priced so low!*

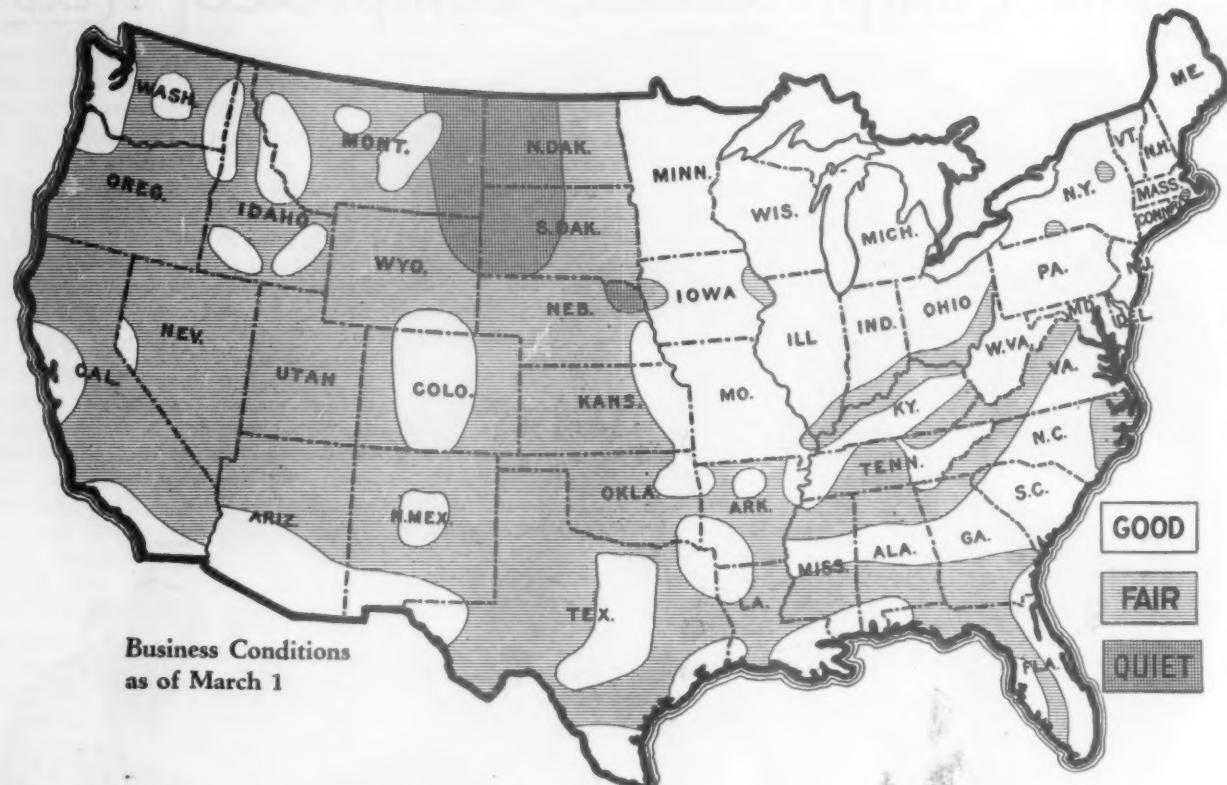
CHEVROLET MOTOR DIVISION, General Motors Sales Corporation, DETROIT, MICH.

NEW HIGH-COMPRESSION VALVE-IN-HEAD ENGINE—NEW ALL-SILENT, ALL-STEEL BODIES—NEW DIAMOND CROWN SPEEDLINE STYLING  
—PERFECTED HYDRAULIC BRAKES—IMPROVED GLIDING KNEE-ACTION RIDE\*—SAFETY PLATE GLASS ALL AROUND—GENUINE FISHER  
NO DRAFT VENTILATION—SUPER-SAFE SHOCKPROOF STEERING\*. \*Knee-Action and Shockproof Steering on Master De Luxe models only.

General Motors Installment Plan—monthly payments to suit your purse.

# The Map of the Nation's Business

By FRANK GREENE



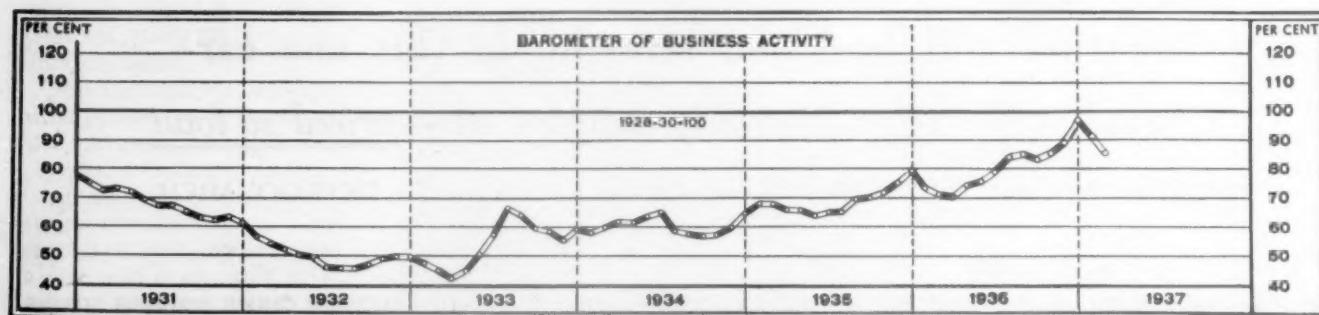
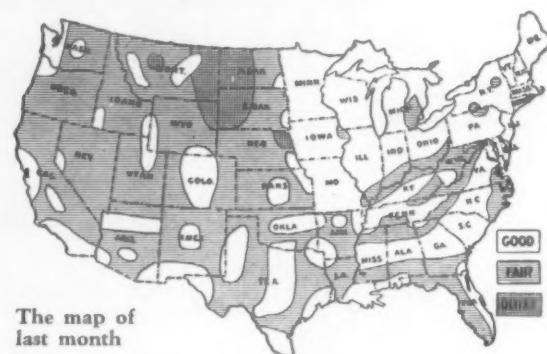
FEBRUARY inherited automobile strikes and high water in western rivers. Some dust storms were noted in the southwestern winter wheat area while, east of the Mississippi, heavy rains covered wheat in low areas. The shipping strike retarded foreign trade.

Despite these drawbacks, iron and steel output set new highs on the recovery movement. Led by scrap material, iron and steel prices rose in mid-month as back-logs swelled noticeably.

Crude petroleum output made successive new peaks while stocks decreased. Carloadings surpassed earlier peaks.

Bank clearings late in the month made up for earlier decreases. Failures did not increase; liabilities were heavier than in January though below a year ago. Wholesale commodity prices gained a little more than one per cent, lifting the March 1 level to the highest since February, 1930.

Rapid recovery from flood conditions and improvement in mining areas of the west are reflected in the map of March conditions



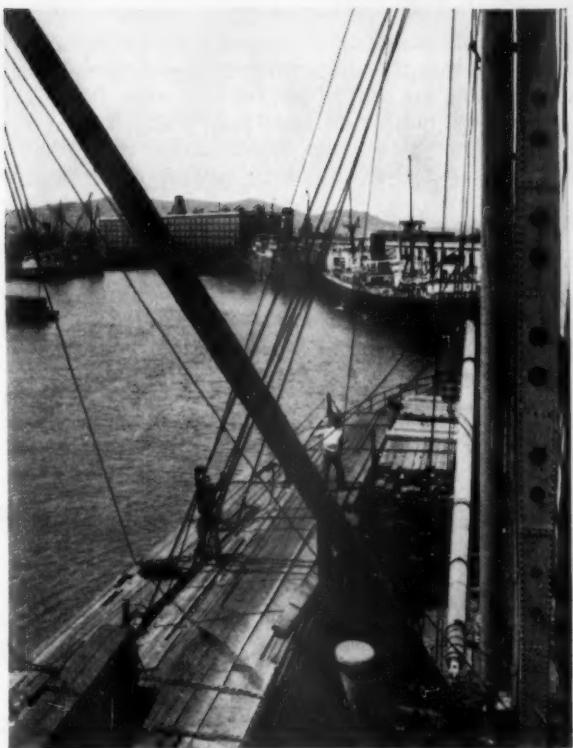
Following the rapid rise in the last quarter of 1936, industrial and business activity, after adjustment for seasonal changes, showed a further decline in February

BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

# Answering Mr. Pettengill

By HARRY S. BROWN

Chairman, Intercoastal Steamship Freight Association



CALIFORNIANS, INC.

## ANOTHER view of the bill changing the long-and-short-haul clause of the Interstate Commerce Act

**I**N AN article in NATION'S BUSINESS for December last, entitled "GIVING ALL SHIPPERS AN EVEN BREAK," concerning the desirability of repealing the so-called long-and-short-haul clause of the Interstate Commerce Act, Samuel B. Pettengill, Congressman from Indiana, acknowledges that railroad freight rates, as a general proposition, should be in rough proportion to the length of the railroad haul. Had any reasonable attention been given to this principle in the early days of the railroads, many existing anomalies in freight rates would not exist. In those days, unrestricted competition between the railroads, and between railroads and carriers by water, produced a chaotic rate condition.

The prohibition contained in the long-and-short-haul section that a railroad shall not charge less for a long haul than for a shorter haul over the same route in the same direction was one of the methods adopted by Congress to prevent a continuation of bad methods of rate-making. Actually, the long-and-short-haul section of the Interstate Commerce Act as it exists today approximates what Mr. Pettengill apparently thinks should be done. It provides to a considerable extent for rate-making on a basis of mileage and allows exceptions in certain cases.

Mr. Pettengill's article gives the impression that the Interstate Commerce Commission seldom grants requests of the railroads for such exceptions to the rule. From the point of view of the many shippers and competing carriers who believe their interests adversely affected by these exceptions, the Interstate Commerce Commission has been liberal in granting them. For example:

One reason frequently advanced by

the railroads for permission to obtain relief from the long-and-short-haul prohibition is their desire to meet low cost water competition. An exhibit submitted to the Sub-Committee of the Committee on Interstate and Foreign Commerce which was considering a proposal to repeal the long-and-short-haul clause at the last session shows that, in the period from 1930 to 1934, the railroads requested relief from the long-and-short-haul prohibition, for the purpose of meeting the competition of water carriers, in 143 cases, many of the applications covering a large number of commodities. Ninety-seven of these applications, or well over two-thirds, were granted. Actually, on one ground or another the railroads have made thousands of rates under special relief from the long-and-short-haul clause.

Mr. Pettengill's article begins by

stating that the interior of the United States has not been growing as rapidly in population as have the states bordering on the seacoast. He implies that, if the long-and-short-haul prohibition is repealed, all this will be changed. Now if there is any one thing that is almost certain to happen, temporarily, if the long-and-short-haul clause is repealed, it is that railroad rates from coast to coast of the United States, where the railroads come into competition with inter-coastal water carriers, will be reduced without corresponding reductions in rates over the same routes to and from interior points. How is this going to help the interior of the United States?

The heart of the interior is the Mississippi Valley section. Let us see what the Mississippi Valley Association told Congress last year when the repeal of the long-

and-short-haul clause was under consideration. That Association is composed of citizens, firms and organizations in the territory between the Allegheny and Rocky Mountains and between Canada and the Gulf. Here is what their representative told Congress:

It is our view that the repeal of the Fourth Section would increase transportation charges in the interior and that it would make it even more difficult for our industries, and agriculture, to compete and to develop.

Among the many other representatives of the interior interests who opposed the pending bill to repeal the long-and-short-haul clause was the National Grange, which actually took the position that the present prohibition is not strong enough!

And here is the National Farmers Union:

The ultimate and obvious effect of the

repeal—is to permit common carriers to fix competitive rates between competitive points, especially in cases where the railroads must compete with water transportation, and fasten upon the farmers in the great interior of the nation the burden of maintaining and paying the higher competitive rate from interior points.

The members of these associations are but a few of those who learned an expensive lesson in the days when there existed no long-and-short-haul prohibition. As the Interstate Commerce Commission has frequently pointed out, when the prohibition did not exist, the railroads cut rates wherever competition occurred to whatever extent was necessary to paralyze the competition, at the same

time maintaining their rates elsewhere at a level which the Interstate Commerce Commission has characterized as "preposterously" high.

The theory which the railroads used in making these low rates between favored competitive points while maintaining high rates between other points was substantially the argument Mr. Pettengill used in his article. The railroads contended that their trains would run anyway, that the added expense of taking on more traffic would be comparatively little, and that if they could get competitive traffic at out-of-pocket expense it would help them just that much.

There are two fallacies in that argument. In the first place the rail-

roads have always had an imperfect knowledge of what the added expense of taking on additional traffic, "where the trains are running anyway," amounts to. The second fallacy is that the theory places the chief burden of sustaining the profits and credits of the railroads upon the non-competitive traffic. Under the operation of such a system, as time goes on, the burden placed upon the non-competitive traffic has always steadily increased. To use the words of the Interstate Commerce Commission in describing such a situation:

Commerce and industry tend to center at the favored competitive points, and their traffic tends to increase, while that

(Continued on page 90)



Arthur J. Tuscany, Foundry Equipment Mfrs. Ass'n, talks on 30-hour week

## Getting the Viewpoints of Others



Charles P. Garvin, Stationers Ass'n, and Herman Fakler of Millers National Federation listen to a talk on labor legislation



Miss Irene L. Blunt, Secretary, National Federation of Textiles; Charles J. Brand of Fertilizer Ass'n, and H. C. Berkes, Southern Pine Ass'n

**P**ROBLEMS affecting business and possible solutions were discussed recently by the Board of Directors of the American Trade Association Executives and staff members of the United States Chamber of Commerce, meeting in Washington.

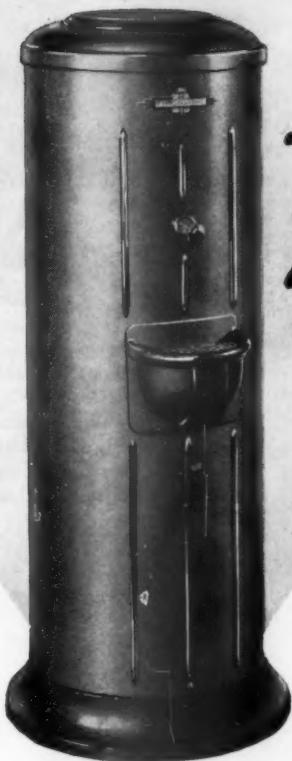
Presided over by Harold R. Young, president of the organization and Washington Secretary of the National Retail Dry Goods Association, this meeting gave representatives of both large and small business the opportunity to compare notes and make suggestions for mutually helpful action.

Among subjects discussed as demanding immediate attention were: interpretations of complicated legislation; how new and contemplated statutes will affect wages, prices, production and consumption; employee-employer relations; re-employment; shortage of skilled labor; undesirable trade practices; rising costs; public finance and increased taxation.

Summing up the conference, Pyke Johnson, vice president of the Automobile Manufacturers Association, said that the number of subjects discussed is further evidence that different industries have common problems and that the social and economic aspects of business are receiving increased consideration today as a major problem of management.

# LOWEST PRICE IN HISTORY NEW FRIGIDAIRE WATER COOLER WITH THE METER-MISER FOR OFFICES AND HOMES

*15¢ a day buys it*



Available for  
either Bottled Water or  
City Pressure Connection

*...as little as  
2¢ a day runs it!*



• Here is an amazing new cooler at a cost that is actually less than old-style methods. Gives you cool, sparkling water . . . always conveniently near . . . always just the right temperature for health and satisfaction. . . . This new Frigidaire Cooler offers sensational features never before available at such a low price. Unusual sanitary provisions, easy cleaning, fast cooling, Cold Control for temperature regulation, "Freon-114" the safe refrigerant, the famous Meter-Miser unit that cuts current cost to the bone, and dozens of other outstanding advantages.

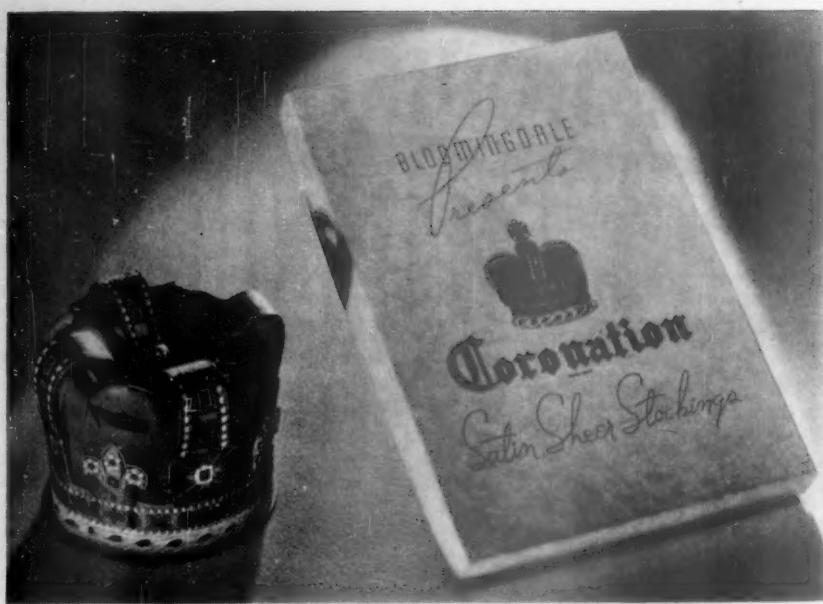
#### 5-Year Protection Against Service Expense

Every one of these remarkable coolers carries a 5-year warranty against service expense on the Meter-Miser . . . simplest cooling unit ever built. Only 3 moving parts, *including* the motor. Quiet, unseen, trouble-free. . . . This cooler is handsomely designed and may be had in a choice of bronze or white Duco finish.

See it at your nearest dealer, or write Dept. 66-4, Frigidaire Division, General Motors Sales Corporation, Dayton, Ohio, for booklet describing the full line of Frigidaire water cooling equipment.



DRINK FRIGIDAIRE-COOLED WATER FOR BETTER HEALTH . . . GREATER EFFICIENCY



One New York store registered the word "Coronation" as a trade-mark, applied it to a wide assortment of merchandise (some imported) including silk hosiery which is packed in special coronet boxes (above) if bought in lots of three pairs



London Toffee Company, Brooklyn, gets coronation accent with boxes showing Horse Guards at Whitehall and Changing of the Guard at St. James Palace



INTERNATIONAL COMMERCIAL PHOTO CO., INC.

AMONG few imported Coronation items are metal candy boxes (above) featured by Park & Tilford and filled with American candy. Prominent antique dealer tried to buy entire lot. Box for Coronation Assortment of Weston Biscuit Company shows whole parade—the Royal Coach, Yeomen of the Guards, equerries, field officers, aides, Life Guards



PACH ASSOCIATES

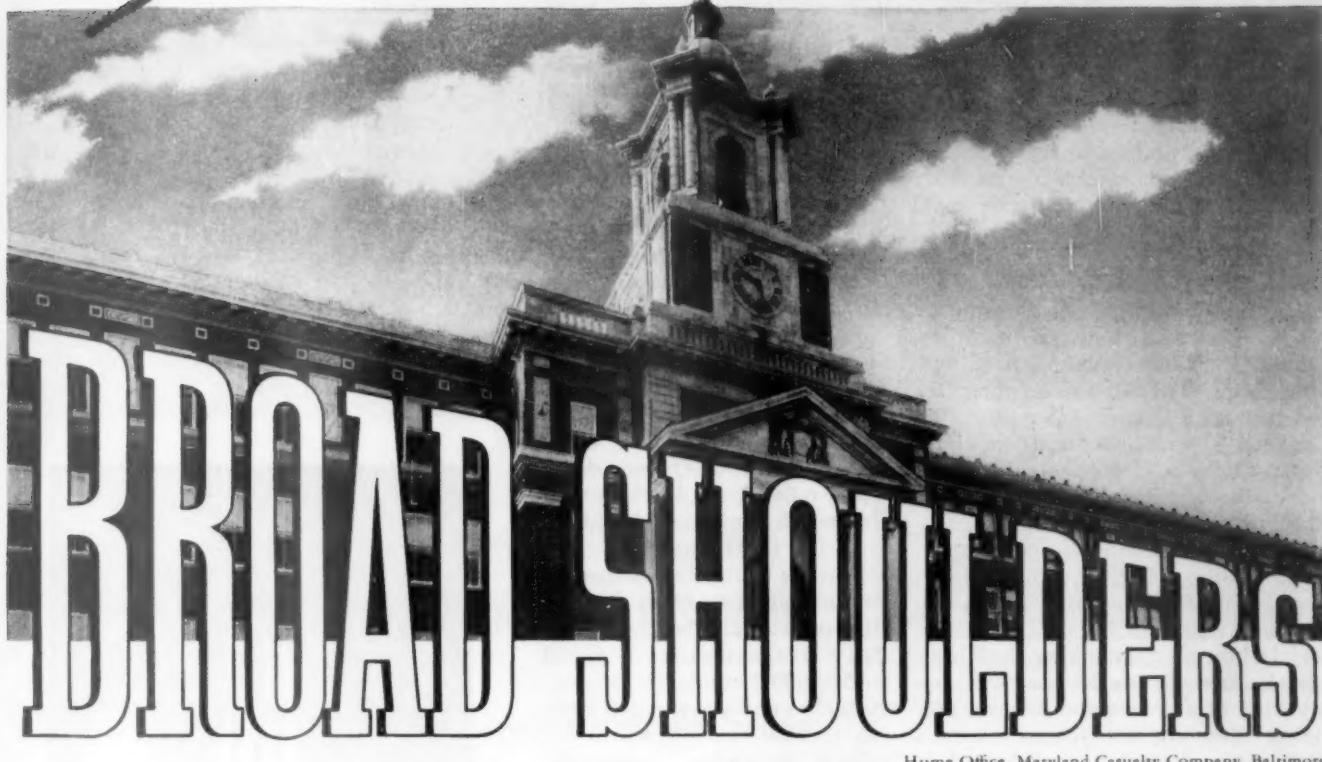
## We Adopt the Coronation

**S**MARTEST world event of 1937, the British Coronation will mean incalculable millions to British trade—several millions to enterprising Americans who were only a few months behind the British in offering Coronation merchandise.

Exclusive shops took up the trend first but now, with the coronation vogue in full swing, its influence is shown by merchandise in every price range. The variety here of course is not so great as in England where it sets the keynote of the British Industries Fair. These Coronation exhibits range from a display of precious stones by the National Association of Goldsmiths of Great Britain, through mugs, beakers, puzzles, crackers, coaches, lions and flags to a Coronation mechanical toy which, properly wound, gives a preview of the Royal procession leaving Buckingham Palace. However, the Coronation influence in this country is found in a wide variety of products and, according to dealers, is helping to sell goods.

One company, capitalizing on the Coronation motive to expand sales in Canada and the British Isles reports that this merchandise has pushed its sales into five figures and "may develop into hundreds of thousands of dollars' worth of business for the

"Unforeseen events . . .  
*need not*  
 so often change and shape the course of man's affairs"



Home Office, Maryland Casualty Company, Baltimore

THE TREMENDOUS GROWTH of business during the past few years brought with it greatly increased individual responsibility. Employees and executives were advanced to positions of trust that tested their financial integrity. It was too much to ask a man to carry alone; there was too much insecurity for an employer in *letting* him carry it alone.

Through fidelity bonds the nation's casualty-surety companies have lifted these burdens from individuals and placed them on their own strong, broad shoulders. To the individual such a bond is a respected credential symbolizing his character and integrity. To the employer it is a powerful bulwark of safety against disastrous loss.

In developing the modern form of fidelity bonding The Maryland has been a leading factor for more than a quarter of a century. Today the Company writes more than 300 different classes of fidelity and surety bonds, covering practically every imaginable situation of trust or guarantee of performance.

In this, as in almost every phase of human enterprise, The Maryland seeks to assure that Unforeseen Events *need not* change and shape the course of your affairs. No matter where you live you'll find one of The Maryland's 10,000 agents available...in every state in the Union, in Alaska, Canada, Cuba, Puerto Rico, the Canal Zone and Hawaii.

# THE MARYLAND

MARYLAND CASUALTY COMPANY • BALTIMORE

*The Maryland writes more than 20 bonding lines, including . . . Fidelity . . . Bankers' Blanket . . . Contract . . . Check Alteration and Forgery . . . Depository . . . Fraud Public Official Bonds . . . Judicial. More than 40 types of Casualty Insurance, including . . . Aircraft . . . Engine . . . Automobile . . . Burglary . . . Boiler . . . Elevator Accident and Health . . . Fly-Wheel . . . General Liability . . . Plate Glass . . . Electrical Machinery . . . Sprinkler Leakage . . . Water Damage . . . Workmen's Compensation.*

company." Others feel that the chief value of tying their merchandise up with the Coronation lies in the prestige gained through this demonstration of timeliness.

### Many lines are influenced

CORONATION influence is reflected in this country in men's suits, shirts, robes, hose, ties, mufflers, sweaters, hats, pipes and underwear; in women's slippers, coats, suits, hats, blouses, wraps, robes, slips, jewelry, handkerchiefs, bags, hose and gloves; miscellaneous items such as toiletries, yard goods, candy and luggage. Enterprising note is struck by one store which offers lingerie with the regal monogram.

The Coronation note has also invaded color terminology, one line of sweaters being offered in Coronation Green, Crown Gold, St. James Rose, Marlboro Blue, Royal Red, Royal Blue, King Purple, Cambridge Red and Holyrood Green.

Most of the Coronation merchandise for sale in this country is made here although it follows rigid rules laid down by the British official regulations. These permit use of the portraits of the King, Crown, insignia like the Royal Standard, the Royal Coat of Arms (but in no case the Imperial Cipher—interlinking the King's initials in a distinctive pattern) on anything of a permanent nature, providing they are not shown where a firm name, board or individual is used. The British Colour Council sets the official red and blue (the princi-

pal colors) and the other eight colors and will supply exact color samples to those interested in designing textiles, dress materials, finishing fabrics, ribbons and so on.

The British know the Coronation is a good show. Take pains to set date, May 12, which will not conflict with other tourist attractions such as the Derby, Henley Boat Races, Wimbledon tennis matches. Actual Coronation ceremonies begin May 5 with a Royal Court; end June 9 on "King's Birthday" (King was actually born December 14 but Prime Minister Stanley Baldwin has ordered change in date of official celebration).

Some 5,000,000 persons are expected to see the Coronation procession from 23 miles of reserved seats. King and Queen will ride in the golden Coach of State. Other members of the Royal family, foreign princes, special envoys, ambassadors, and others will be in open landaus or limousines.

Some of the sightseers will have another chance to view the Royal Family May 19 when the King and Queen drive three miles from Buckingham Palace to Guildhall to lunch with the Lord Mayor.

Among visitors are expected to be 400,000 from United States and British Colonies. They are expected to spend 37,500,000 pounds in Britain. Nobody knows how much British themselves will spend for official expenses, ceremonial robes, jewels, clothes and decorations but House of Commons

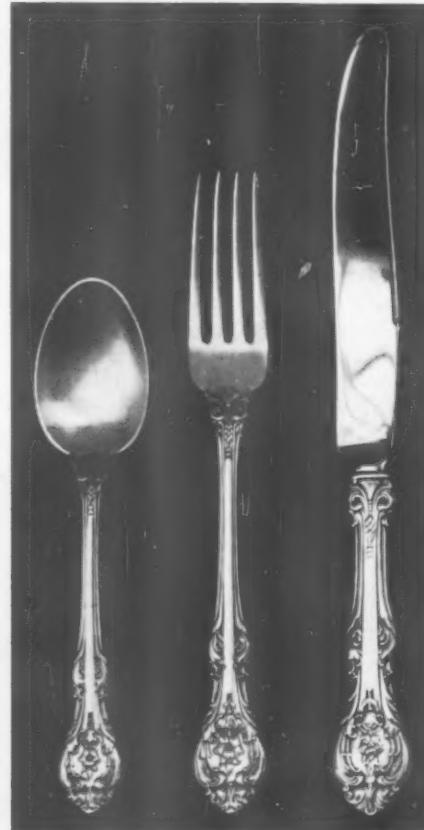
recently received at least partial estimates of costs:

Building and decorating stands, 140,000 pounds; seating in Westminster Abbey, 55,000 pounds; decorations along route, 20,050 pounds; floodlighting buildings including Buckingham Palace, London Tower, Windsor Castle and Westminster Abbey, 6,300 pounds.

All of this amounts to a little more than \$1,000,000 at current exchange. It does not include cost of sound amplification of actual Coronation ceremony which will be held in Westminster Abbey.

Seats in government stands will cost 15 shillings. (About \$3.75. Seats at our recent inaugural ranged from \$2 to \$10.)

Abdication of King Edward VIII is expected to increase trade rather than reduce it. Had he remained, customers would have bought only one picture, one statue, and so on. Now many will buy two.



Gorham offers "King Edward" silver pattern, believes design more important than name. Experts believe those impressed by name will value pattern more highly because of abdication



Those attending coronation may get into spirit even while packing "Coronet" luggage offered by Couch & Fitzgerald



*Science from a monastery garden*  
HELPS SAFEGUARD YOUR SUGAR SUPPLY

HE EXPERIMENTED with peas in his monastery garden in Austria—and you can thank that monk of long ago, Gregor Mendel, for a recent accomplishment in plant breeding in our picturesque Southwest, land of friars and missions. Research in genetics, based on Mendel's discoveries, has accomplished what long seemed impossible—growing seed for sugar beets resistant to "curly top." This brilliant scientific achievement saves American farmers millions of dollars and helps safeguard our internal sugar supply.

Controlling "curly top"—spread by insects through wide beet-growing areas west of the Rocky Mountains—is only part of this scientific achievement. Science also demonstrated that the golden climate of our Southwest made it possible to compress the old world practice of a two-year seed production cycle into one. Beet

An industry engaged in developing American natural resources, improving American agriculture, and supplying American markets with an all-American food product



Test plot planted with resistant seed at right and left—old type seed in center. Photograph reproduced from Circular 391, U. S. Department of Agriculture.

seed is now produced in half the time it takes abroad and—very important—it is better seed for American farmers in several states—a credit to the mechanized efficiency of the beet sugar industry.

It is reassuring to know that the production of sugar beets in certain areas, despaired of ten years ago because of inability to achieve insect control, is now a standard farming practice with yields exceeding all previous hopes; and it is a thrilling adventure in science to know what the industry's seed experts are undertaking with a view to still higher sugar content, bigger yield, and even greater resistance to pests, drought and frost.

\* \* \*

What the sugar beet means to America, in addition to assuring an internal supply of sugar for at least thirty million of our people, is described in "The Silver Wedge," a booklet sent on request.

**UNITED STATES BEET SUGAR ASSOCIATION**

836 GOLDEN CYCLE BUILDING

COLORADO SPRINGS, COLORADO

**Safer . . .**



# ...cheaper . . . three times as fast

**THE WORLD MOVES  
FORWARD WITH STEEL**

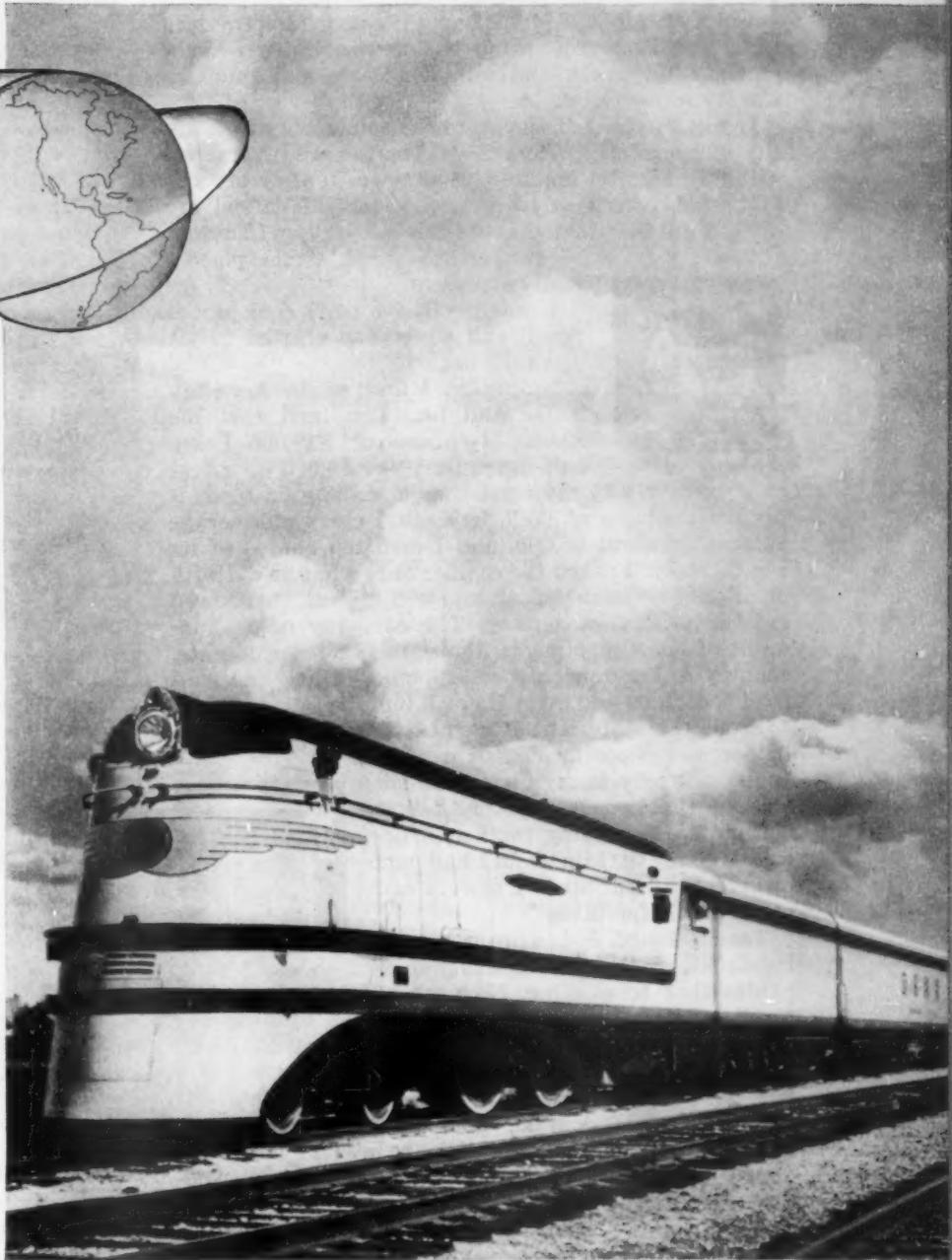


IT TOOK the Forty-niners six months to reach California in covered wagons. America was a trackless wilderness. Lacking modern rapid transportation, it never could have become and remained a *United States*.

What opened the West and bound the states together was the railroad. In 1869 the first transcontinental line was completed.

Between that  $7\frac{1}{2}$ -day train of 1869 and the  $2\frac{1}{2}$ -day streamlined flash of beauty of today there are vast differences in engineering knowledge and development. But perhaps most important are the changes that have taken place in steel. Not just one kind of steel is sufficient for the needs of a modern railroad; not ten kinds, nor fifty. There are actually hundreds of separate steel specifications—hardness where hardness is needed, strength where strength must count, lightness in some parts, beauty in others, more carrying power with less weight, greater resistance to corrosion and rust.

United States Steel contributed substantially to the building of the early railroads. Its laboratories helped to develop, and its workers produced, the better, stronger steels that make the streamlined trains possible. In these laboratories is conducted the most comprehensive research program in steel that is carried on anywhere in the world. This research is a part of America's insurance for the future of the country.



AMERICAN BRIDGE COMPANY • AMERICAN STEEL & WIRE COMPANY • CANADIAN BRIDGE COMPANY, LTD. • CARNEGIE-ILLINOIS STEEL CORPORATION • COLUMBIA STEEL COMPANY • CYCLONE FENCE COMPANY • FEDERAL SHIPBUILDING AND DRY DOCK COMPANY • NATIONAL TUBE COMPANY • OIL WELL SUPPLY COMPANY SCULLY STEEL PRODUCTS COMPANY • TENNESSEE COAL, IRON & RAILROAD COMPANY UNIVERSAL ATLAS CEMENT COMPANY • United States Steel Corporation Subsidiaries

## UNITED STATES STEEL

# THINE OWN CITY...

HOW much of your city do you really own?

A "Cityzan" makes an interesting discovery

I AM A BUSINESS MAN. I am the commercial traveler for a small manufacturing business in which I am a partner. We make and sell, wholesale and retail, a variety of novelties.

In my travels I frequently hear comments about my city of Louisburg. When these remarks are favorable I willingly admit I am from that town. If they are unfavorable, consciously or unconsciously I defend my town. I got to thinking about this one day and I began to wonder how much of the place I really owned.



I am inquisitive, so I took out a pencil and paper and started to jot down the list.

Naturally, I first wrote down my house and lot. The land cost me \$2,000. My house cost \$18,000. I own half outright. I owe \$9,000 on a first mortgage held by my trust company. Why do I call it my trust company? Well, let's see. I carry an average balance of about \$5,000, and I own ten shares of its capital stock. I asked the cashier once what he did with my money between deposit and withdrawal. He showed me the printed statement. The company holds hundreds of home mortgages, thousands of federal, state, country and municipal bonds, public utility and railroad securities and owns its own building.

From the statement I learned that, both as stockholder and depositor, I had a fiscal equity not only in my own home but also in the homes of many fellow "cityzans." Analyzing further, it occurred to me that they and I had part ownership in our streets, sewers and other public facilities.

Then I found I was in essence a bondholder in the various utility companies that service me. Now when I hear loose talk about public ownership of these utilities, and government competition and "yard sticks," I ask the speakers if they know where their own interests are. They seldom do.

When I spoke to my wife about our trust company investments, she decided to look into her savings bank. She found that her money, together with the savings of thousands of other men, women and children were invested to even a much larger extent than the trust company in the fixed wealth of our city, state and nation.

As we looked around further we found that we really owned some part of the school buildings our children attend. We bought that interest with school taxes, tuition fees and our invested money. Now we take more interest in our school buildings and in the teachers.

We also own some part of our fire, police, park and other public welfare agencies and of the charitable, penal and eleemosynary institutions which minister to our unfortunate relatives



and friends. We *watch* our wealth now that we realize where it is. We pay our up-keep taxes more cheerfully than we used to, particularly since we investigate our public officials before we vote for them or invest in their projects.

Thinking further, we noted that we own a part of our church and welfare institutions. We now see to it that we give our part of what we get and that we get value received. We know now that we own half an acre of our golf grounds and a hundred square feet of the club house. The same applies to my city and Masonic clubs, my wife's club and our children's recreational facilities. I imagine we are only average citizens and what applies to us must likewise apply to others.

After I mentioned this to my two business partners at lunch one day we began to look at the business end of it.

We set down first our real estate that anchors us to our city. Then we added our fixed machines that produce our goods and our mobile ones that deliver them. We couldn't stop there. We found we had real money at stake in all our four ways of transit and transportation.

We looked over our other assets and realized we had a real interest in our bills receivable as most of them were owed us by companies whose major assets like our own, were in our and other cities. We know now that any fire, tornado, earthquake or other catastrophe may disable or destroy our customers with consequential loss to us.

## An interest in many services

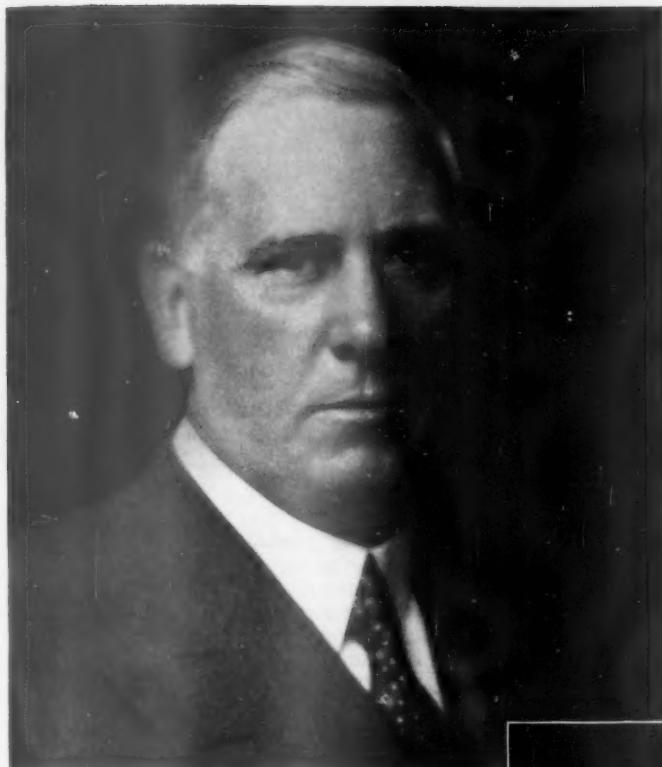
WE HAVE to give prompt service in our line as our best buyers cannot carry much inventory. That means we must use all the modern means of communication. We translate our stamp, telegraph and telephone bills into terms of our ownership in poles, wires and central stations.

And so it goes. We own lots of property we never thought of. We own an interest through the profits we properly pay, in the industrial plants that supply us, and they are unknown and unseen partners in our company through the profits we collect through them.

When one stops to think of it, we really have an intangible but measurable interest in the properties of our competitors. Strange as it may seem, our trade competitors are the only people who, through our various trade and commercial associations, can service and support us in our fight for commercial livelihood and whatever success we can wrest out of our 300 work days a year.

My salary is \$6,000 a year, exclusive of any company dividends or bonus if we net them. I set out to see what  
(Continued on page 116)





One Hundred 475-Room Hotels

One hundred hotels, with 475 rooms each, would have been needed nightly to care for the passengers sleeping in Pullman cars in 1936. The essence of Pullman service is comfortable travel by night and by day—together with safety unparalleled in transportation history. Not a life lost in 17 billion passenger miles.



The re-awakening in American business is accompanied by a substantial increase in business travel. Executives are actively seeking business where the business is. And they are depending on Pullman to deliver them in top physical condition at each day's job—rested, refreshed, ready! Traveling by night, they save the daytime for business . . . a saving of time quickly translated into a saving of money. Further, they are enjoying the security of *safe* transportation—the safest in the world! When you leave your desk to go where the business is, it will pay you to go by rail in Pullman comfort and safety.

THE PULLMAN COMPANY, CHICAGO

#### Uninterrupted Work—Undisturbed Rest

ROBERT L. LUND, *Executive Vice President, Lambert Pharmacal Company*, writes: "I live four or five days each month in Pullman cars and the good service, the cleanliness and the personal attention make what might be wearisome hours an opportunity for uninterrupted work or undisturbed rest, as I may choose."

## They're going where the business is . . . By Pullman

O. C. HUFFMAN, President,

*Continental Can Company*, writes:

"I have taken frequent trips during my many years in business and have often admired the comfort, convenience and safety of Pullman service. When it has been necessary for me to do certain work or hold conferences in a Pullman drawing room or compartment I have found the facilities well adapted for such purposes. I have always experienced an unusual feeling of safety in traveling in a Pullman."

#### Weekly Trek Is No Hardship

HOWARD E. BLOOD, *Executive Vice President, Borg-Warner Corporation*, writes: "My weekly trek from Detroit to Chicago and back would be a hardship were it not for the comfort made available in the modern Pullman cars."

Pullman and Rail—The safe way to go and the sure way to get there





This sign has been replaced.  
Widtsoe is no more



With the citizens gone, the Government razed the post office. The townsite is now grazing land

**I**F A TOWN isn't a going concern and can't be made a profitable business institution for the benefit of its citizens—wipe it off the map.

That's the latest technique in Utah where the town of Widtsoe, in Garfield County, has been put out of its misery much as a kindly owner might chloroform an ailing dog.

Whether it may set a precedent to be followed elsewhere is, of course, uncertain but the abandonment of Widtsoe is significant because it shows that a community can be closed out if it fails to justify its existence.

Although "ghost towns" are familiar throughout the West, most of them were abandoned piecemeal as gold or silver

or copper mines became exhausted and the citizens had to move to find a living.

Widtsoe was abandoned voluntarily on vote of its citizens.

Widtsoe's trouble was an impoverished back country. The result was a gradual abandonment of farms on which the town depended. A state experiment station established in the region to develop dry land farming methods had been disbanded after its efforts proved fruitless.

It was found that the area is one of those western regions which, because of climatic effects, are richly productive for a cycle of years and then become unproductive for a cycle.

In productive cycles population rushes in and settles—only to meet disaster when the productive ebb begins.

Widtsoe found itself caught in the ebb. Almost half of its 200 families were on relief. Many of them had not even paid taxes on their property for four or five years.

The county, after taking over a few farms for taxes, found that it merely lost money by this practice, so the people were permitted to remain on their land.

So the state took a hand.

A mass meeting was called and a majority of the citizens voted to close out the town.

Still there was no coercion. Anyone could have stayed who wanted to, but the exodus was general.

The Federal Resettlement Administration, which arrived on the scene more than a year ago with financial and technical cooperation, purchased the citizens' holdings and returned the area to the public domain as potential grazing land.

Total cost was \$81,300. With this money all but a few of the citizens were able to move to new homes in other parts of the state.

Some who couldn't make the grade received supplemental loans from the Resettlement Administration to help finance their moving.

They proved to be good risks and, on their new lands, are repaying the money when due.

Once the population was removed, the federal Government removed the post office, the State Road Commission took the name of Widtsoe off the highway signs and all buildings, commercial and residential, were razed.

What was once Widtsoe and its back country—26,143 acres—has been returned to the public domain where it will be used as grazing land, administered under the regulations of the Taylor Grazing law.

During the winter and spring, various correctives are to be applied to check erosion in the valley, caused by frenzied forms of agriculture which the population had practiced in an effort to make the soil produce a living.

—KHYBER FORRESTER.

## "Mercy Death" for Towns



PHOTOS BY LANGE FOR RESETTLEMENT ADMINISTRATION  
One of the farms on which the town depended. Once prosperous, a cycle of bad crop years reduced it to this condition



## FIREES were worth running to - in those days!

A GOOD stiff breeze to carry sparks from roof to roof, and a whole row of houses was likely to go up in flames. You bet fires were worth running to in those days.

The menace of fire has long been one of man's worst enemies. And, for sixty years, Johns-Manville has been at work to *control* this menace, engaged in research to minimize the hazards of fire in the home and industry.

Early it was discovered that two of the most likely and dangerous sources of fire were the roof and sidewalls of all types of structures. So, through constant research, the Johns-Manville Laboratories, as masters of asbestos, developed

products which are today responsible for the saving of millions of dollars worth of property and, oftentimes, life itself.

\* \* \*

**In the constant search for better materials,** Johns-Manville Research Engineers also recognized the great economic waste involved in roofing and siding materials that wear out. So, for years, Johns-Manville Engineers looked for ways to produce materials that would resist time as well as fire—materials that would be durable and even everlasting.

Hence, today, thousands of home owners and plant managers throughout the country are benefiting from the economy and the safety which Johns-Manville Asbestos Roofing and Siding Materials provide.

### JOHNS-MANVILLE JM



**BUILT-UP ROOFS** of Johns-Manville Asbestos Felts last 20, 25, 35 years, and frequently longer. The hot sun won't crack them; rain, sleet and snow won't make them leak. Fireproof, of course, and little or no repair is ever necessary.



**JOHNS-MANVILLE ASBESTOS SHINGLE ROOFS** last a lifetime. Unburnable; won't rot, split or wear out. J-M Cedargrain Asbestos Shingles for sidewalls are equally fireproof and permanent. (J-M Asbestos Roofing Shingles are available for factories, too.)



**CORROSION-RESISTANT ROOFS AND SIDEWALLS** of J-M Corrugated Transite are highly resistant to withstand the attack of fumes and gases and all kinds of weather. Can't burn, rust or rot; never need paint.

# Business Highlights and Sidelights . . .

## Cushioning the Cost of Living

THE tire bill of the average American motorist will be about \$15 for 1937, or less than eight per cent of the car owner's expenditures for tires 30 years ago. In 1907, the average automobile owner required at least five new tires annually to keep his car in running order and average tire mileage was only about 3,000 miles.

A tire and tube cost approximately \$44 a wheel in those days, bringing the motorist's yearly outlay for rubber to more than \$200. Owing to improvements in tire quality resulting from years of research and development, the owner of a modern automobile will need only 1.3 tires for his car this year.

These conclusions are based on a survey made by The B. F. Goodrich Company, Akron, Ohio.

## Births & Deaths of Business

EVERY business day, on the average, 1,292 new industrial and commercial enterprises open their doors in the United States. Of these, 501 succeed previously existing enterprises and 791 are completely new ventures. At the same time, 1,142 enterprises pass out of the picture, leaving a net increase in the business population of 150 concerns for each day.

These figures are contributed by Willard L. Thorp and William A. Rothmann as the result of a project of the Dun & Bradstreet Research Division. During the first six months of 1936 the research staff carefully scrutinized every business report of the enterprises which the Agency keeps under regular observation. Nearly half a million separate business changes were analyzed and tabulated.

The total number of business deaths finally recorded was more than 176,000 and the total number of new enterprises eligible for birth certificates approximated 199,000. Reincarnation is also part of the picture, for these figures include more than 77,000 cases in which the new enterprise was a direct succession to a concern that had previously disappeared. In addition, there were more than 16,000 cases involving only a change in name but no alteration in ownership or structure.

These changes do not cover the entire economic system, but rather the types of activity which Dun & Bradstreet observes—including industrial and commercial enterprises, but excluding financial institutions, railroads, professional enterprises, such as lawyers and doctors, farmers, and other similar types of activity not ordinarily concerned with commercial credit in the accepted sense. The large chains appear

as single enterprises, with no separate listing of individual outlets.

As the number of companies under specific observation during this period averaged almost exactly 2,000,000, it is possible to make some estimates as to the annual rate of business enterprise turnover.

Using the six months' record as a basis, the annual birth rate of enterprises was 19.9 per cent, the annual death rate 17.6 per cent, and the annual rate of increase in the business population 2.3 per cent. In these percentages of birth and death are included the 7.7 per cent classed as successions, or "reincarnations."

## "Bigness" is Relative

DETERMINED to put "big business" in its place against the whole background of American economic life, the Corporation Survey Committee of the Twentieth Century Fund has published its conclusions with regard to one aspect of the general objective, "How big is 'big business'?"

The Fund's researchers say:

In the first place, the picture is not a simple one. It is just as true to say that big business does not predominate in America as to say that it does. It all depends on the angle from which the picture is viewed, or on the focus of attention on details.

If the entire panorama of economic activity is kept in view, the large corporation is far less prominent on the scene than if the attention is focussed on the area of incorporated concerns. And if the focus is concentrated on some particular industries, big business looms large; while if other specific industries are under examination big business simply does not exist.

The picture can be painted in two sharply contrasting colors. For example, taking the broadest view, it can be truthfully said that 81 per cent of all American economic activity is carried on by the medium or small corporations, by firms which are not incorporated at all or by individuals. More than two-fifths of the entire business activity in the United States is not in corporate hands at all—much less in the grip of the giants. Of the total national income produced, the corporations with \$50-million-or-more assets produced only 18.4 per cent in 1933. From this point of view the large corporation sinks into relative insignificance.

By concentrating attention only on that particular 57 per cent of our economic life which is carried on by corporations, it can just as truthfully be said that 594 corporations out of the 504,080 (this figure includes inactive corporations, and active corporations not submitting balance sheets) that existed in the United States in 1933—or one-tenth of one per cent—own more than half the assets of all corporations put together. Or to put it in another way, 95 per cent

of all corporations in the United States own only slightly more than 14 per cent of all the corporate assets. This sounds as if American business were completely dominated by big business. And such is a very common opinion.

Yet this is just as "colored" a picture as the other. Both pictures are true at the same time and both must be kept in mind if the realities are to be firmly grasped.

## New Puzzles for Police

NEW STYLES in strikes present new difficulties for police departments. Passivity of the "sit-down" or "sit-in" fashion would seem to reduce the possibility of violence. That sources of trouble are sizable is suggested by these three considerations.

First: Strikers who occupy an employer's property without his consent are regarded as trespassers under the law, and in many states trespassing is not only a civil offense, but a criminal offense as well. Second: If sit-down strikes have not been held to be trespassing in a state, a court injunction may still require that the trespassers be removed from the employer's property. Third: The possibility of property destruction is much more real in a sit-down strike than in any other type of strike.

From the police viewpoint, according to Arnold Miles, police consultant, in *Public Management*, magazine of the International City Managers' Association, "it is when force becomes necessary that the sit-down strike differs most from past strikes." If there is doubt that the strikers are actually committing criminal trespass, and if the strikers have attacked neither persons nor property, the police have no grounds upon which to attempt eviction under legal interpretations.

If a sit-down strike is clearly established as criminal trespass, or if a court injunction has been issued ordering the strikers to evacuate the plant, the police chief or sheriff must attempt to remove them.

Failure to do so may at once subject the police department to charges of favoritism from the employers and probably from the public, and to a citation for contempt of court for not enforcing the injunction.

If a large body of stay-in strikers must be evicted, the police chief faces the possibility that the local police force is not large enough to get them out without property damage.

## Gas Men Protest Tax

A SHUT-DOWN "strike" in protest against the city one-cent tax on gasoline, effective last December, was called by retail gasoline dealers of Tampa, Fla. The shut-down lasted about a week, and at one time only four of the 150 stations in the city were open, reports the American Petroleum Industries Committee.

With the application of the city tax, which is additional to the state tax of seven cents per gallon and the federal tax of one cent per gallon—a tax total almost equal to the wholesale price of gasoline—many Tampa dealers are said

to have lost a third or more of their business. Motorists bought from stations outside the city limits where the city tax is not levied and where low rents enabled out-of-town operators to sell gasoline at lower prices. City dealers alleged that, not only were the citizens going beyond the city limits for gasoline, but many of the city officials and employees were doing likewise. Dealers owning stations within a few blocks of the city line found their business declining to the vanishing point.

Although the shut-down did not cause the board of aldermen to rescind the tax, the gasoline dealers believe that it carried their story to the public and that it will aid them in getting tax relief. Meanwhile, with their stations open, they watch the cars go by—on the way to the city limits.

**Light as a Lifesaver** DETROIT is saving lives at night with increased street lighting. On three main thoroughfares, where illumination has been approved—Fort Street, Grand River and Jefferson Avenue—there were no night fatalities in the four months covered in a report by L. J. Schrenk, superintendent of the Public Lighting Commission. For the first eight months of 1936, nine out of 129 night fatalities in the entire city occurred on these thoroughfares. In other parts of Detroit 122 night fatalities occurred in the four-month period.

Working with General Electric engineers, the Public Lighting Commission improved the lighting on 30 miles of Detroit's main thoroughfares, including parts of various streets where the fatality rate was the highest in the years 1934 and 1935. In this two-year period there were 100 deaths at night and 12 during daylight hours, or a ratio of better than eight to one.

**A Turn of Fashion's Wheel** PEDALED to a new high of popularity by a mass revival of interest, the bicycle is in fashion again, as the manufacture of 1,200,000 units last year substantially suggests. Twice the 1925 output and nearly four times the 1928-1934 average, the 1936 figure represented more steel poundage than the top production total for the gay nineties when cycling was the rage. Reason is that the streamlined design in current demand is sturdier than the simpler styles in vogue years ago. According to the American Iron & Steel Institute, bicycling's new lease of life last year meant orders for 30,000,000 pounds of steel.

About 12½ pounds of steel were enough for one "bike" 50 years ago, but about 25 pounds, mostly tubing and strip steel, go into today's bicycle.

**Labor Gets 68% of Income** LABOR'S share of the national income is progressively increasing and now amounts to more than two-thirds of the total. Of the aggregate of \$60,000,000,-000 estimated for 1936, total compensation for all employees was approximately \$41,000,000,000, figures which compare with total national income of \$45,-

# Sales Manager's Headache

20% of your 1936 accounts will be dormant in 1937



## WHAT IS THE ANSWER?

A recent survey indicates that 20% of the customers you sold last year will not buy a dollar's worth from you this year. This is a difficult handicap for the sales manager, who must overcome this 20% loss before he can show any gain for the new year.

The survey went further and showed that of these dormant accounts 67% didn't buy again because of indifference on the part of the seller. Another 14% because of unadjusted grievances. The remaining 19% was divided

—price difference, location, etc. The important fact is that many of these dormant accounts would be "live" accounts if they were given more attention.

Personal contact is imperative, but difficult to maintain. Personal letters can bridge the gap between calls, and they are easy, effective, economical with Robotyper. Your secretary can operate one Robotyper while she is performing other duties. One operator controls as many as four machines—each machine turning out original letters three times as fast as your best secretary.

Let us tell you how you can multiply your personal contacts by mail.

Equipped with Remington Noiseless, No. 11 or other standard make of typewriter.



BUSINESS LETTERS are most effective when INDIVIDUALLY TYPED

# Robotyper

AUTOMATIC BUSINESS MACHINES, INC., 3011 KOPPERS BLDG., PITTSBURGH, PA.

ARE YOU  
OR  
DO YOU HAVE A FRIEND

interested in securing a sales agency that will, with hard work, provide a good income? Automatic Business Machines, Inc. (see above advertisement) have several important districts available. Letters should be addressed to our Pittsburgh office—Koppers Building, Pittsburgh, Pa.

000,000,000 and employee compensation of \$29,000,000,000 in 1933.

Commenting on the figures which it offers in evidence, the *Index* of the New York Trust Company says:

The practical effect of developments in the past few years, as the cited figures indicate, has been a marked rise in the share of national income going to government, a more balanced relationship between agricultural income and manufacturing income, and a definite gain in the proportion of all income going to labor at the expense of entrepreneurs and property owners.

Any distribution of income which serves to enhance mass purchasing power should strengthen our whole economic organization, but there are possible dangers of taking from entrepreneurs and property owners income which is necessary for further capital development.

### The Milk Gets Through

distribution is told in reports to the Milk Industry Foundation. As milk routes, dairy plants and producing farms in many Ohio-Mississippi valley areas were caught in the flood waters, the dairy industry took emergency measures to supply milk to devastated communities.

One of the main objectives was to keep supplies of pasteurized milk moving to safeguard health. Train loads of bottled milk were shipped to the outskirts of cities where some pasteurizing plants were under water. Trucks pulled by tractors then ploughed through the flood as far as possible to points where boats and rafts picked up the milk cargo

for distribution. Milk was sent as far as Louisville from Chicago by rail in bottles ready for delivery. Two thousand gallon glass-lined milk tank trucks of Chicago dairy firms also rushed fresh water supplies to Evansville and other Indiana cities where water shortages were acute. Tank trucks of Louisville dairies carried fresh water for the Red Cross supply there.

"In many sections executives of dairy companies and their routemen, because of their special knowledge of distribution problems, were placed in command of emergency supply depots and directed the distribution of milk and other foodstuffs," the Louisville report said.

In Cincinnati milk delivery was maintained under difficult conditions through the cooperation of producers, dairymen and deliverymen.



## Practical Farm Relief

Windows like that at left increased turkey sales 46 per cent from Thanksgiving to January 1; moved surplus of 5,000,000 birds. Window below is moving grapefruit



LATE last fall the Department of Agriculture designated grapefruit as the nation's number one surplus. Crop totalled 27,000,000 boxes. Biggest previous production, 21,000,000. Growers appealed to National Association of Food Chains which instituted vigorous selling and promotional campaign. In February, first week of campaign, chain stores increased grapefruit sales from 100 to 500 per cent over a year ago. Ft. Wayne division of one store sold 21 freight carloads. Sold one carload in same period a year ago.

Technique of campaign is not new. Has been used to move surpluses and stabilize prices of beef, lamb, turkeys, peaches and dried fruits. "Eat More Beef" campaign by Association of Food Chains boosted consumption to 530,000,000 pounds last August compared to 471,000,000 pounds in August, 1935; strengthened beef prices despite record receipts of packing companies.

By same method chain stores increased sales of peaches in 1936 by 171 per cent, reduced crop carryover to 1,343,000 cases, despite production of 6,469,000, almost

twice that of 1935; kept canners' price to farmers, expected to fall to \$15 a ton, at \$30.

In December, last year, price of lambs dropped to \$8.46. Chain selling campaign

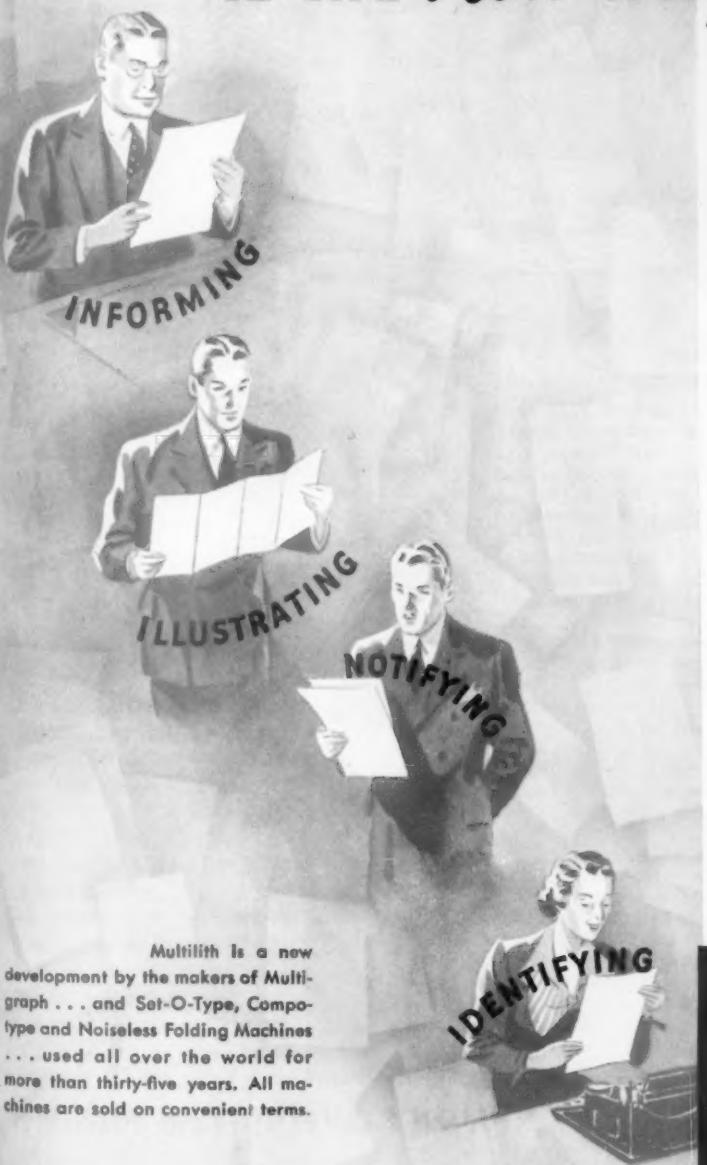
boosted it to \$9.08 in four days, to more than \$10 in January without raising price to consumers.

Campaign involves no tricks, no fireworks, only organized, energetic selling.



Ideas are worth  
no more than the  
*action*  
you give them

# "Multilithing" is the New way to get things done



The multiplication of ideas, information, instructions . . . expressed in words, pictures and figures **ON PAPER** . . . is the basis of all progress and profit in business. But compromise with quality and you handicap progress. Permit costs to be greater than necessary and results will likewise be adversely affected.

There's a *quality method* of putting things on paper at a cost *less* than you've previously known . . . a method that will speed up progress . . . a method that will increase profits.

#### A Method for Your Own Office

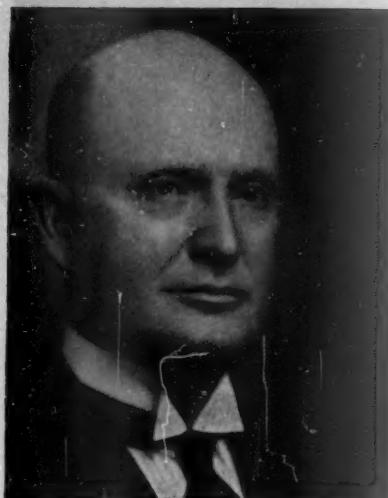
Multilithing is that method . . . the new, high-quality, low-cost process of producing business forms, communications and literature *in your own office*. No other office method is comparable in *what* it does and *how* it does it.

Facts About Multilithing, with samples of this new-method work, will be sent to those who make request on business stationery. No obligation is incurred by your request.

Multilith is a new development by the makers of Multigraph . . . and Set-O-Type, Compo-type and Noiseless Folding Machines . . . used all over the world for more than thirty-five years. All machines are sold on convenient terms.

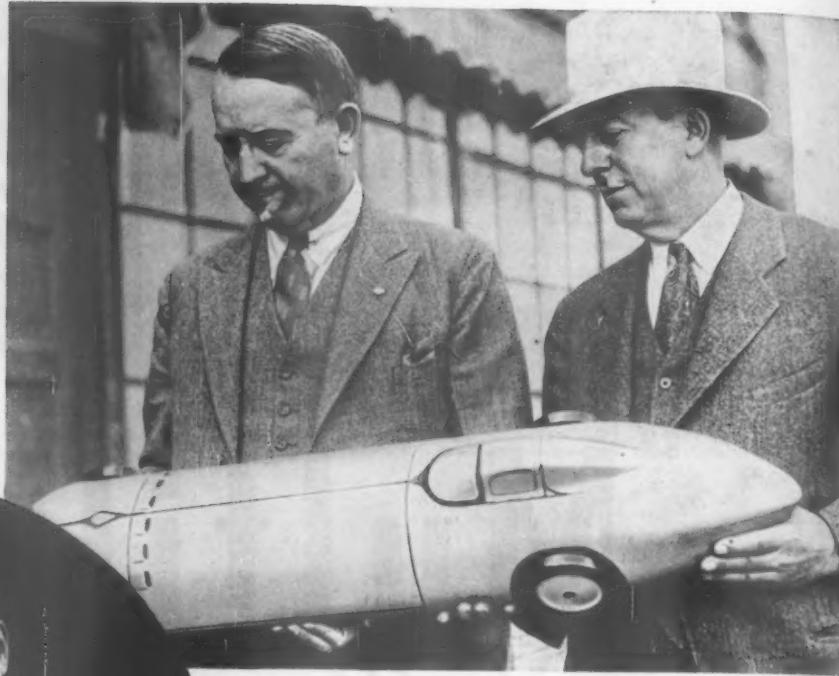
ADDRESSOGRAPH-MULTIGRAPH CORPORATION, CLEVELAND, OHIO  
ADDRESSOGRAPH-MULTIGRAPH OF CANADA, Limited, TORONTO  
SALES AGENCIES IN PRINCIPAL CITIES THROUGHOUT THE WORLD

## Leaders in the March of Business



Erskine Ramsay

J. F. KNOX



ACME  
Harry Miller (right) and Barney Oldfield view model



Tillman  
Cahn

**E**RSKINE RAMSAY, Chairman of the Board, Alabama By-Products Corp., awarded William Laurence Saunders Gold Medal by Institute of Mining and Metallurgical Engineers for "many inventions of all kinds of machinery and equipment used in bituminous coal mining . . . effecting improvements in cokemaking that resulted in establishment of steel industry in Alabama," and other notable achievements.

Tillman Cahn, president, Pioneer Suspender Company, who, on 60th anniversary of company, was presented with huge book containing personal letters of congratulation from company employees expressing appreciation of "family spirit which prevails throughout the organization and warm hearted co-operation between employer and employee."

Harry Miller, whose racing car engines are famous for Indianapolis Speedway victories, has been appointed to Gulf Oil Corporation's research staff for purpose of subjecting Gulf products to severe punishment in search of ways to improve them.

Charles Deere Wiman, president of Deere & Company, examining seven millionth plow bottom made by organization since first self-scouring plow was made by grandfather, John Deere, in 1837.

Karl D. Gardner, new president, W. T. Grant Company. Like most other of his company's officers, Gardner came up from the ranks. When he joined the company 23 years ago there were 15 stores. Today there are 477. Last year they did a \$100,000,000 business.



Charles Deere Wiman



Karl D.  
Gardner

# Handcuffing Old Man River

By WILLIAM R. MOODY

THE Mississippi is not yet under control, but this year's floods demonstrated that progress is being made and that the methods are approximately correct

A NEWSPAPER man in Louisville is "Noah" to his fellow reporters because he predicted the flood. One Sunday, when few people in the Kentucky city had any idea that the rising waters would seriously menace the town, John L. Eschrich, a reporter for the *Courier-Journal*, went down to the weather bureau on a routine assignment. What he found sent him frantically to the phone. To his city editor he shouted:

"The whole town may go! The west end will be completely submerged! This will be the greatest flood in history!"

The city editor listened without excitement. Calling two reporters he said:

"Go down to the weather bureau and get Eschrich. He's hysterical. Put him to bed."

It was a long time before the city editor got to bed. The flood came as predicted.

So far as Reporter Eschrich was concerned this was major prophecy, but for the weather bureau it was routine work, hardly more than arithmetic. The weather bureau, working with the Engineering Corps now in charge of flood control, has a vast store of exact knowledge in the form of records drawn from many years' practical experience with the great river, and in the form of reports sent in daily from all over the vast territory drained by the Mississippi and its tributaries. They knew that if all the water that had fallen in the region between Louisville and Paducah, in a matter almost of hours, had stayed on the ground, as snow stays, it would have covered the western half of Kentucky to a depth of almost two feet. There is no possible way of



This picture was taken in Louisiana in 1927. Business did its part to see that such scenes should not be repeated in future floods

WIDE WORLD

## Flood Control Dividend

THE Ohio-Mississippi flood attained a crest of 48.65 feet at Memphis—the greatest height ever recorded. This tremendous wall of water was carried to the Gulf of Mexico with comparatively little damage. In the 1927 flood when the amount of flood water was less than 1937, several hundred lives were lost and property damage totalled \$300,000,000.

Following a study of the Mississippi flood area in 1927, a National Chamber Committee prepared a report and the Chamber membership voted to recommend that:

The federal Government should hereafter pay the entire cost of constructing and maintaining works necessary to control floods of the lower Mississippi River.

The federal Government should assume the sole responsibility for locating, constructing and maintaining such works.

There should be an adequate appropriation to insure efficient, continuous and economic work, the funds to be available as needed.

Flood control of the Mississippi River should be dealt with in legislation and administration upon its own merits, separate and distinct from any other undertaking.

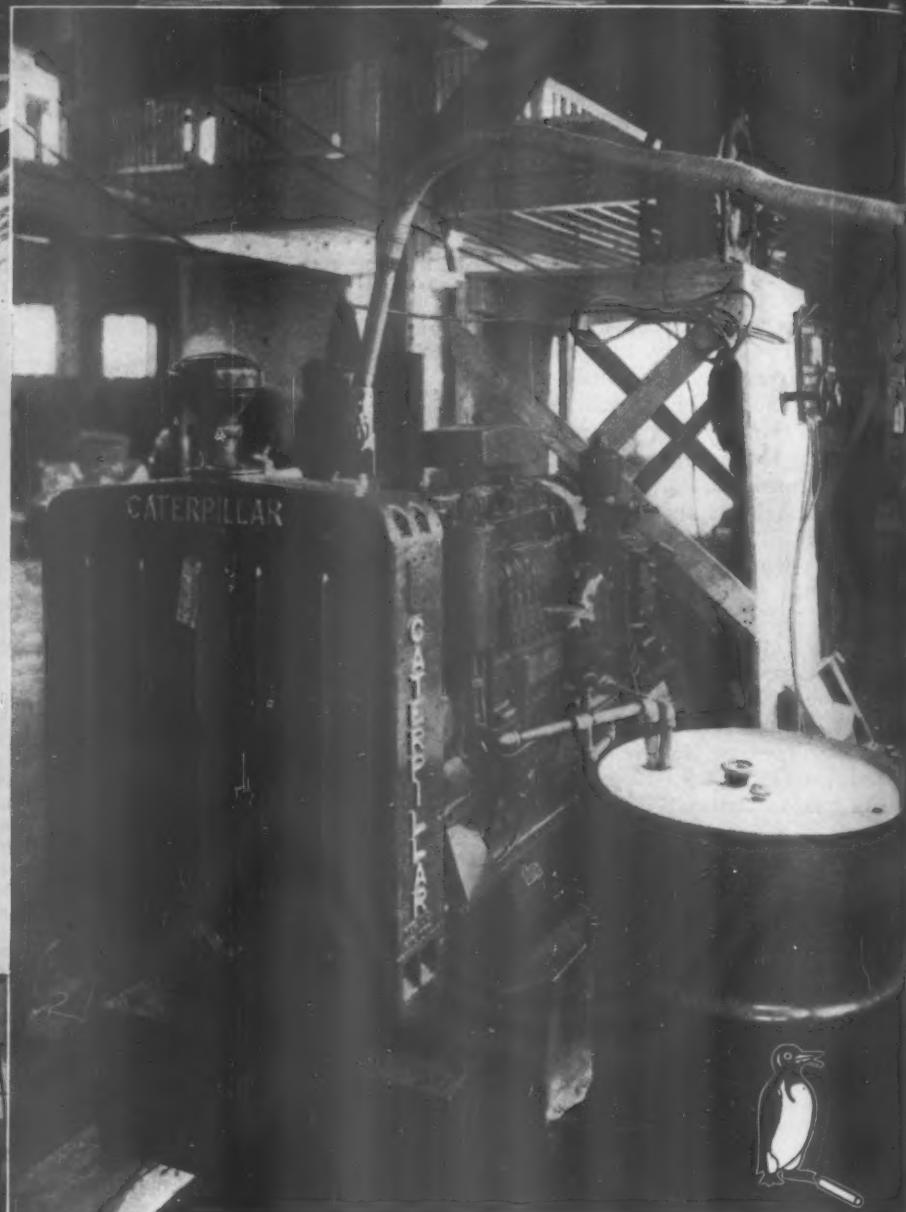
With the support and encouragement of

organized business, President Coolidge signed the Flood Control Act, which incorporated the Chamber's recommendations, and the first great step in federal direction of flood prevention was taken.

Altogether the states and federal Government have spent about \$700,000,000 in Mississippi River control. It is estimated that at least half of that sum has already been saved by holding the river to its channel in the recent flood. Should the levees hold one more such rampage of the river, experts figure that the cost of flood control will have been liquidated.

In further consideration of its interest in the problems of flood control, the Natural Resources Committee of the National Chamber last January recommended intelligent land use and soil conservation in preventing erosion; headwater storage-reservoir development; adequate levee construction, and the prevention of encroachment by human habitation upon the normal flood channels of the streams. They further suggested that the federal Government take active leadership of a flood control, long-term program in cooperation with the states and in forming state river valley conservation districts so that people within regional watersheds might form adequate organizations to control such streams.

# "CATERPILLAR" ENGINES MEET



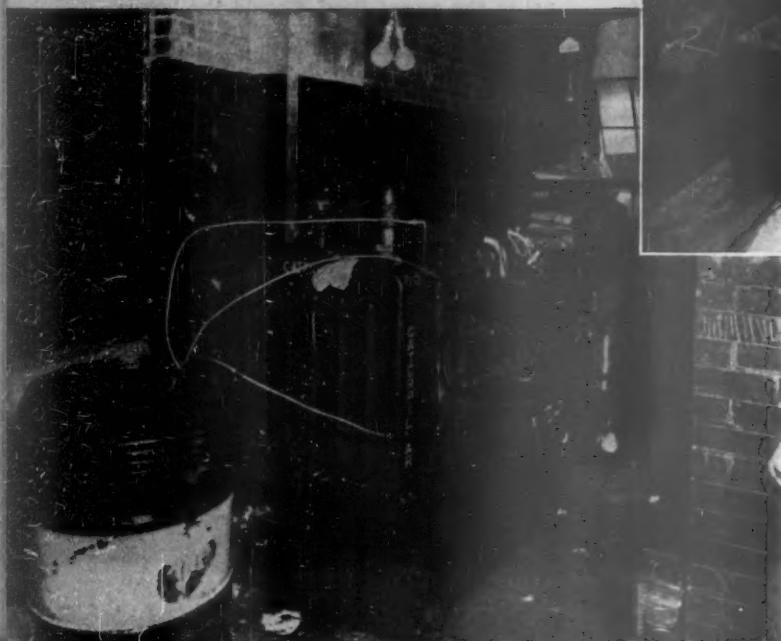
## FIRST AID FOR LOUISVILLE POLICE



When its emergency job at Brown and Williamson's was over, this Diesel generator set was rushed to the aid of the Louisville police department, whose short-wave radio power had failed. The Diesel's steady, reliable current supply permitted full use of the police radio in broadcasting directions for rescue work. It was credited with saving many lives on this job.

## PRINTS HEALTH BULLETINS!

Welfare workers needed health bulletins and appealed to the Standard Printing Co. — asking them to produce special leaflets giving precautionary health measures. A "Caterpillar" Diesel 20-kw. set was rushed to the plant—presses turned—and distressed families learned how to avoid contagious ills.



# CATERPILLAR

REG. U.S. PAT. OFF.

CATERPILLAR TRACTOR CO., PEORIA, ILLINOIS

# LOUISVILLE EMERGENCY

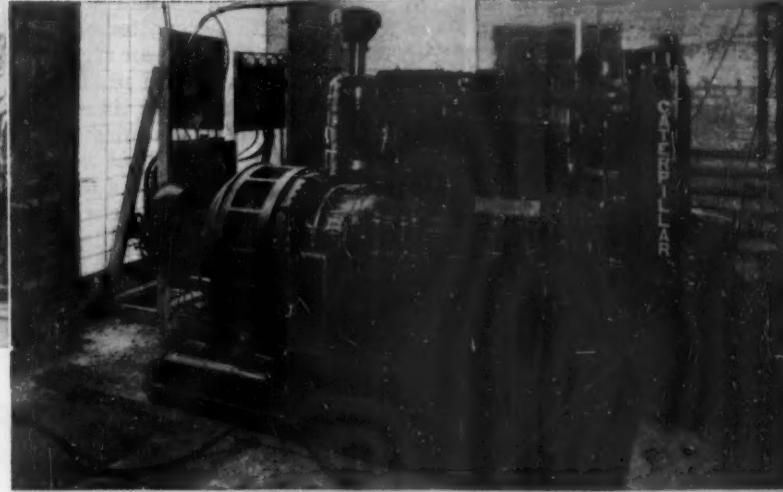


POWER SHUT OFF . . . flood waters everywhere . . . a whole city in turmoil . . . but there was "business as usual" for Louisville industries when "Caterpillar" Diesel power came to the rescue!

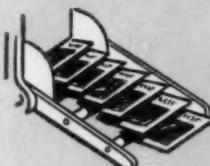
Rushed to the stricken city by motor transports were 18 Diesel engines—including 14 Diesel generator sets. Hurriedly set up with any makeshift equipment at hand—in only a few hours—they soon were turning factory machinery. Each one was a rough and tumble set up. But the "Caterpillar" Engines did the job!

Two Diesels went to Brown and Williamson Tobacco Co.—completely paralyzed by the power shut off. There was no power for pumping, for lights, for turning machinery—and stocks of the popular Kools had run out. A 44-hp. "Caterpillar" Diesel Engine was rushed in—and soon was running the pumps and a generator for lighting! The second—a 20-kw. generator set—was hooked up to plant wiring with a makeshift switchboard knocked together of wood at hand—it had the cigarette-making machinery operating in less than 2 hours! Running continuously, well over its rated output of 20 kw., it turned out a million cigarettes a day until regular service was restored 4 days later.

The thousands of "Caterpillar" Diesel Engines and Generator Sets now at work are seldom faced with such conditions—but this is the sort of service they can give. A "Caterpillar" dealer can show you impressive operating records they have made under normal and abnormal conditions on all types of service.



## PRINTING MAGAZINES ON TIME!

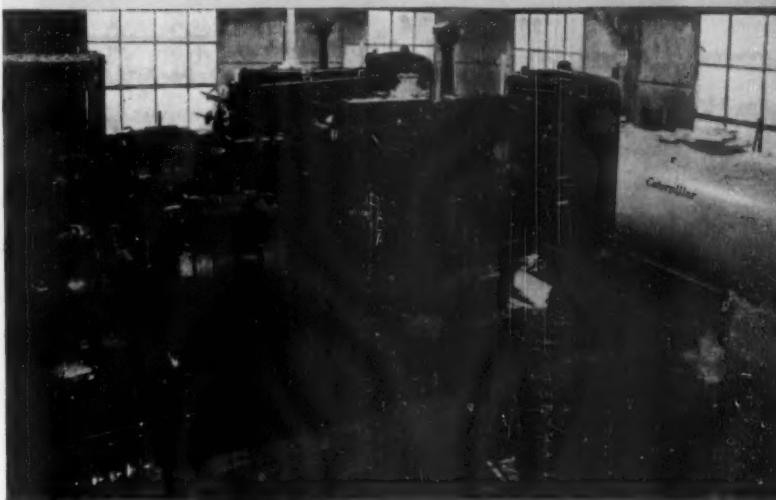


Up against publication dates for several magazines was the C. T. Dearing Printing Company. The issues were partly printed when all power was shut off! Several million copies would have to be discarded—but they secured one of the Diesel generator sets—and got the magazines out on time!



## JOB FOR HUNDREDS OUT OF WORK!

Two of the emergency Diesels—60-kw. generator sets—went to the aid of Tube-Turns, Inc., permitting the immediate re-employment of hundreds of workers left idle by the power shut-down. So impressed were executives of the company that they bought them for permanent installation when the emergency was over.



# DIESEL ENGINES



WORLD'S LARGEST MANUFACTURER OF DIESEL ENGINES,  
TRACK-TYPE TRACTORS AND ROAD MACHINERY

CATERPILLAR TRACTOR CO., Dept. NB-3, Peoria, Ill., U.S.A.

Gentlemen:

Please send me information on "Caterpillar"  
 DIESEL ENGINES    TRACTORS    ROAD MACHINERY

I need power for \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

keeping that much water out of the Ohio River without turning every tributary valley into a lake. And when that much water gets into the Ohio there is going to be a flood. With all the figures in hand, government experts can tell with accuracy days, and sometimes weeks, in advance just what our great rivers will do, and when and how they will do it.

The accuracy with which these predictions can now be made is amazing. Fairly exact fore-knowledge of the height of flood-waters at any given point in the Mississippi River and its major tributaries was possible even in 1927.

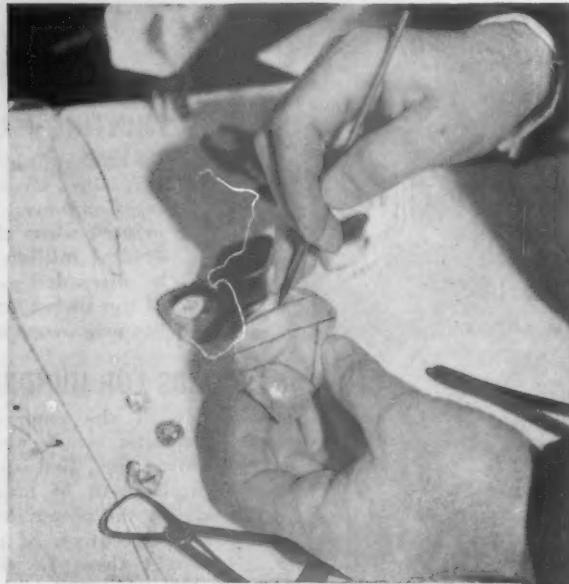
"In the great flood of that year," said an engineer high in government

service, "a friend of mine knew nearly a month ahead of the floods exactly what was going to happen. He knew the vulnerable places of the levees and three weeks in advance he predicted the exact hour of the breaks. He knew just how many thousands of acres of cotton land would go under water. It was only a matter of mathematics to him. I was in an airplane over a levee which he had predicted would break at a certain time. I checked on his accuracy. He missed it by only ten minutes."

That was in 1927. River control has come a long way since then. Government experts used this same kind of knowledge in planning the levee and spillway system which this year took

a larger flood than that of 1927 safely from Cairo to the Gulf. Scientists and engineers are using it in preparing an elaborate levee and spillway system—now almost completed—designed to protect the lower Mississippi Valley from the ravages of floods. Before 1927 there was no central plan for flood control. Federal aid was given in those places where state or district cooperation could be obtained and where navigation would be benefited. The great flood of 1927 brought action. Herbert Hoover, then Secretary of Commerce, made a personal tour of that flood, almost lost his life in it, and afterwards put his prestige and his technical knowledge

(Continued on page 117)



Marking lines of division on the rough stone (left). If marked wrong, it would have shattered. Below, cleaving. One sharp blow and it's done but it took months to find the proper plane. Hundreds of lead and plaster models were cut to determine best shapes



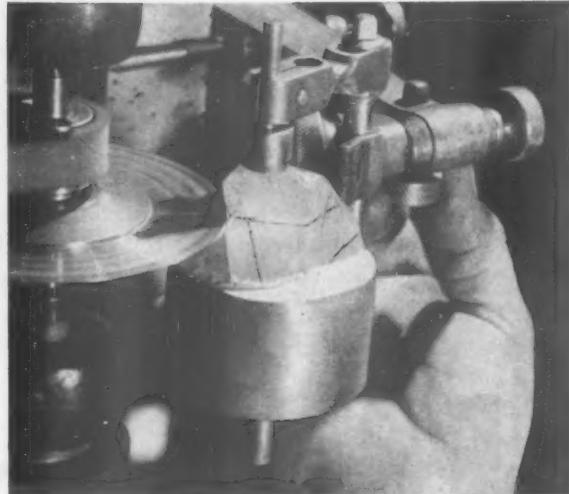
## Insured for \$1,000,000

**T**HE Jonker diamond, once the fourth largest uncut diamond in the world (726 carats, about egg size) has been cut into 12 pieces. The largest of the set—143 carats—is now third largest among cut diamonds—first in color—and carries an insurance policy of \$1,000,000. Two largest cut diamonds, Star of Africa and Cullinan Diamond, are in the British Crown Collection. Kohinoor diamond, famous in history, weighs only 106 carats.

Although this is the first time that diamond cutting on such a large scale has been done in the United States, 12 cut pieces total 375 carats, more than 51 per cent of original weight, which is extremely high. The rest is dust.

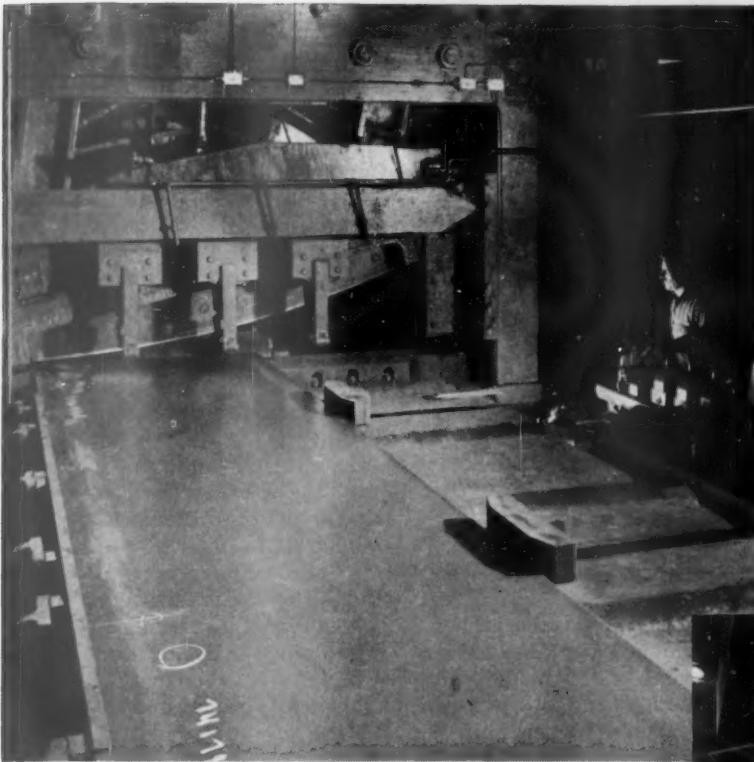
Harry Winston, Inc., New York gem dealer, bought the rough stone in London, had it shipped here as registered mail, postage charge 64 cents. Lazare Kaplan cut and polished it. Mr. Winston hopes that the 12 pieces will be kept together as a set, bought by an American, placed in a museum where all can see. Price will be determined by bids, most of which, so far, are for individual stones of the set.

Unlike famous Hope Diamond—44 carats—Jonker Diamond has had a tradition of good luck ever since Jacobus Jonker, 62, scooped it up in a bucket of gravel after a South African rainstorm in 1934. Jonker, poor farmer and prospector, shared his good fortune with his neighbors.



Sawing. Phosphor-bronze disk operating at 5,000 revolutions a minute made little visible progress for days. Job took months of steady sawing

## New Machines Make More Steel



A Homestead engineer, A. W. Soderberg, teetered a rocking chair with his foot and conceived idea behind development and operation of this 80 ton, heat treated, curved blade, which cuts a steel plate 90 inches wide as easily as a housewife snips thread with scissors

IRON and steel has again taken its post as a leader in the march to recovery. Any development that would curtail steel production at this time would be a serious blow to a rapid return of general prosperity.

The strength of the durable goods revival was demonstrated during the automotive strike when the iron and steel industry continued to operate at almost 50 per cent greater capacity than a year ago. Until recently, the automobile trade had accounted for a large percentage of the sales.

A \$60,000,000 modernization and construction program which will require about 15 months to complete is now under way at the Clairton and Edgar Thompson Works in Pittsburgh of the Carnegie-Illinois Steel Company—principal operating subsidiary of United States Steel. The Edgar Thompson Works will, when completed, furnish 1,000,000 tons of slabs per year to feed the Clairton Mills. About 9,000 men have been working at these two plants—there will be a substantial increase upon completion of present building plans. The Mercer plant at Farrell, Pa., reopened after two years' idleness, will employ about 500 men.

These illustrations were taken at the new 100 inch semi-continuous plate mill at Homestead, near Pittsburgh, where huge plates for use in building railroad cars, tanks and ships are turned out.

The average time for rolling a normal slab weighing 5,000 pounds, 180 inches long, 54 inches wide, and nine inches thick, is 90 seconds. Under some conditions it can be rolled in 60 seconds.

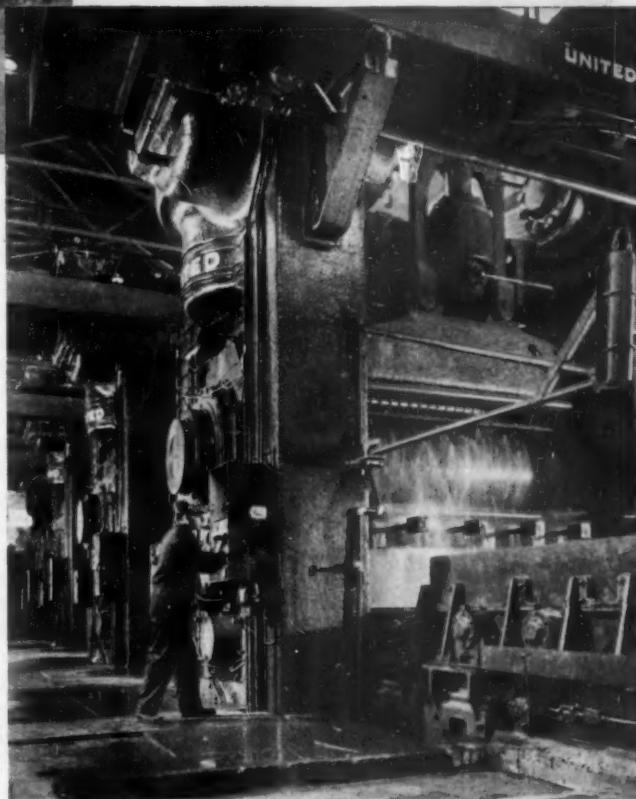
To illustrate what can be done in rolling plates with extreme widths, a plate 93 inches wide by  $\frac{5}{8}$  inch thick by 63 feet long is produced from a slab 9 inches by 54 inches by 90 inches, weighing 12,400 pounds.

The annual capacity of this mill on a six-day week schedule is 670,000 gross tons.

Two hundred forty-four contractors, exclusive of U. S. Steel Corporation subsidiaries, participated in the construction of the mill.

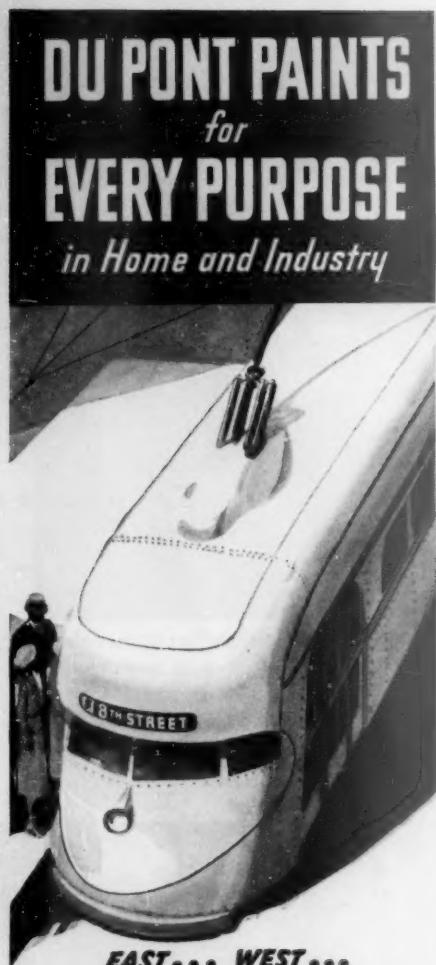


Four glass enclosed "pulpits" set 12 feet above floor level give a clear view to men who direct operations



PHOTOS FROM JOHNSTON & JOHNSTON

"Slabs" are first reduced by squeezing between huge rolls of the roughing stand. Three-quarters done, they are then sent to finishing stands, shown above. Formerly, finishing stand was one machine of three rolls arranged vertically. Slab was sent through top opening, then lowered and passed through bottom. In New Homestead Works, four stands of four rolls are used. Two rolls apply pressure and prevent bending of thinner rolls which do the squeezing. Tandem arrangement of finishing stands contributes to speed of rolling while temperature of metal is still high enough to assure quality of rolling.



EAST... WEST...  
ALL AROUND THE TOWN

## DULUX

REG. U. S. PAT. OFF.

**SAVES ON UPKEEP**

DULUX can truly "take it." The extraordinary toughness of this gleaming, beautiful finish keeps cars out of the paint shop an unusually long time. It means real savings on overhead.

That's why Dulux flashes on street railway equipment all over the country. It keeps fine appearance *up* and painting costs *down*—a characteristic of du Pont finishes for *every* purpose.



*Paints.. Varnishes  
Enamels.. Lacquers*

**DUCO-DULUX**

REG. U. S. PAT. OFF. © 1937 E. I. DU PONT DE NEMOURS & CO.

## Value Received

By W. S. JOHNSON

Manager, Jacksonville, Fla., Tourist and Convention Bureau

EVERY business man owes a duty to himself and to his customers to examine all expenditures to see if they are worth while. Among the items which he must scan, he will find payments for chamber of commerce dues and appropriations for special chamber activities. Is he justified in continuing them?

From observation extending over 15 years, I say he can find ample justification for these payments. Without regard for everyday activities such as Industrial Promotion; Convention Procurement; Legislation Investigation; Tourist Stimulation; Retail Development; Civic Betterment or the myriad of other projects found in the modern chamber's program of work—"yes" is the answer.

The history of the chamber of commerce movement contains many heroic endeavors which in emergencies meant much to the city or town.

The most fascinating part of the average chamber executive's existence, the thing which lifts his work from an everyday sort of drudgery and puts a sparkle in his eye, is the unexpected, emergency events which call forth his entire energies and powers of reasoning.

Floods, tornadoes, earthquakes, conflagrations and other devastations may be the vehicle by which these opportunities thrust themselves upon the Secretary. Bank runs, racial disturbances, labor strife or other man-made emergencies might sound the clarion call. At such a time positive action may mean the difference between community defeat or a rebirth of civic consciousness.

The record of these illuminating epics in American business life reads like a complete roster of insolvable problems. That someone had the grit to solve them attests to the value of the affected communities having a central agency through which the cumulative knowledge of its citizenry funneled toward a common objective.

Following the San Francisco earthquake, the voice which most persistently said, "We will build a new and greater city" was that of the local Chamber.

The hurricanes had hardly subsided when the Miami Chamber pointed the way to rehabilitation.

Two days after the disastrous floods of July, 1935, the Binghamton, N. Y., Chamber took a leading part in

forming a council to guard against future devastation. Its action was no more prompt than that of the Elmira, Cortland, Norwich, Oneonta, Corning, Hornell and Ithaca Chambers.

History will tell the story of the work accomplished by the Chambers of Tupelo, Miss.; Gainesville, Ga., and other cities which have felt the sudden sting of tornadoes.

No one will ever know how much good came from the 24 hour service of chamber secretaries and boards during the hectic days of bank hysteria in 1932 and 1933. I do know that the Christmas Credit Agency set up by the Harrisburg Chamber contributed immensely to the rebirth of public confidence.

The positive presentations of chamber officials regarding the needs of their communities, did much to reassure Congressmen that RFC should act quickly in making direct loans to victims of the floods of March, 1936.

All of these actions and many others constitute unwritten chapters and unsung hymns to the glory of chamber of commerce work.

### Basic issues may be confused

MUCH too often the real issues back of a local chamber become confused in the minds of its critics. Men who in most things maintain an even keel allow themselves to grow petulant because of some imagined grievance. Their minute quarrel clouds the entire issue and makes them willing to scrap a truly beneficial unit for the sake of personal satisfaction.

Just as every business man should examine his expenditures, so should the combination of business men who make up our local chambers study their combined outlay. They will learn many interesting and helpful lessons. They will find that for each dollar spent, they have purchased two organizations. The first is the one they see each day—doing an everyday job—and the second is the one which will never let them down—no matter how great the strain may be.

Such a study will disclose that over a period of years—despite those in which no attention compelling results accrued—the average local chamber has delivered "Full Value for Every Dollar Appropriated."

It's the long range view—not the immediate prospect—that counts.



## "And my beard's plenty tough!"

Men who are exposed to all kinds of weather, who have tough skins and wiry beards, shave quickly and easily with the Schick. Yet a boy, just starting to clean the down from his tender cheeks, finds the Schick as gentle in action as if he rubbed his face with his finger tips.

A totally blind man could shave in perfect safety and comfort with not the slightest danger of cutting or hurting himself.

### **Pioneer in painless shaving**

Not since savages scraped off the hair with shells or quartz has there been a radically different method of shaving until Schick invented the electric shaver.

It does away with all discomfort—with blades, water, soap, cream, lather, brush or the necessity for lotions or powder. It gives you a new skin to replace the hardened tissue Nature has built up if you have used lather and blades.

### **Why Schick above all**

For a working lifetime Schick studied hair, faces and mechanical ways to shave. He experimented with cutters of many constructions and shapes. He found that a flat cutter with an extremely thin slotted plate, nestled closely into the skin, depressed the tiny mounds and enabled the inner cutter to shave off the hairs more

efficiently and closer than any other shape of cutter shaved them.

All our past and present research convinces us that this patented construction is still the most efficient of all.

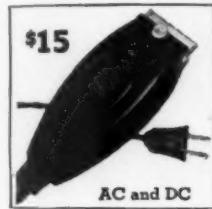
### **Shaving at its lowest cost**

The life of a Schick Shaver is not known. Shavers we made five years ago are still performing satisfactorily. (We have made many mechanical improvements since then.)

There are no blades to buy, no parts to sharpen—and none to renew for an indefinite time. You need no soap, cream, brush nor lotions. The cost of electricity for a year's shaving is so small that a dime would cover it easily.

How, then, could you shave at a lower cost per shave?

### **See a dealer**



Ask any Schick dealer to show you the shaver and demonstrate how simply and quickly you could learn the new way of shaving which is revolutionizing the shaving habits of the world. Be sure that he is an authorized dealer through whom we guarantee and service Schick Shavers.

SCHICK DRY SHAVER, INC., STAMFORD, CONN. Western Distributor: Edises, Inc., San Francisco.

In Canada, Henry Birks & Sons, Ltd., and other leading stores. (Canadian price, \$16.50.)

**S C H I C K**  **S H A V E R**

# A 1,200 Mile Style Parade

By EDGAR LLOYD HAMPTON

**WHICH was going to waste until business men united to capitalize it and move the world's style capital to Hollywood**

SOME 25 years ago the movies began to head for southern California to take advantage of the perpetual sunshine. No one paid much attention at the time because so few of us know that all great movements have simple beginnings, and sometimes unexpected climaxes. Now we have a climax.

That movie migration has shifted the world's style center from Paris, France, to Hollywood, Cal. On top of this is the strictly commercial fact that an enterprising Los Angeles group of garment, millinery and furniture manufacturers have capitalized these movie styles into an industry of international importance.

To understand how this all came about we must know what constitutes a style and what gives it a vogue. The experts tell us that there is really nothing new in any style; that every line has been used before in some period, and that even the trimmings have all been used in various combinations. Hence our only concern now is to discover what gives these styles a vogue. Paris holds the best answer to that question.

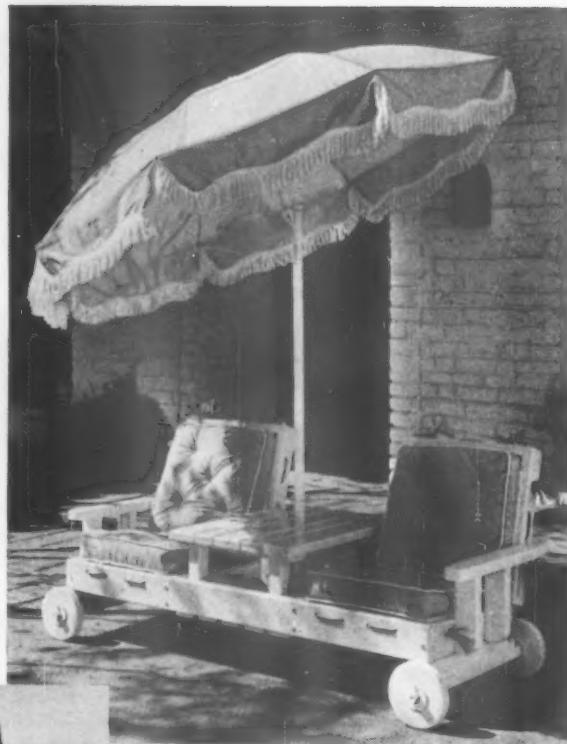
*La couture*, as the Paris dressmaking business is called, was, and still is, presided over by men and women whose names have long been famous in the world of fashion. Large and small, there are more than 200 firms with some 300,000 employees—a great industry, indeed, and the men and women who head it are extremely powerful.

Yet they do not actually fix the styles which issue from their establishments. Strictly speaking these are fixed by a small, international group of women so celebrated for their *chic*, and so discriminating in dress, that they are the world's true fashion leaders. They are sometimes called the "Famous Forty," and they are not employed by *la couture*, but instead are social leaders, stage favorites, or members of royal families. Their province is simply to look at the creations offered, select the ones that seem "divinely appointed," put them on, and wear them wherever fashion congregates. The women of other lands quickly adopt what these famous Parisians approve—or they did until about a dozen years ago.

After the designs are selected, each



Because brims shade faces, studios designed hats like this. Soon they were a vogue



A. E. ARNOLD  
Outdoor living inspired this type of furniture. The movies boosted sales

house puts on spring and fall openings. The socially-elite of Paris literally fight for a chance to attend these functions. Tea and champagne are served, hundreds of mannequins parade, souvenirs are given out and a good time is had by all. The "Famous Forty" are in the foreground, wearing the gowns they have fancied, and what they wear is likely to become the vogue. They are the arbiters. Or rather, they were the arbiters!

## Styles must be sold

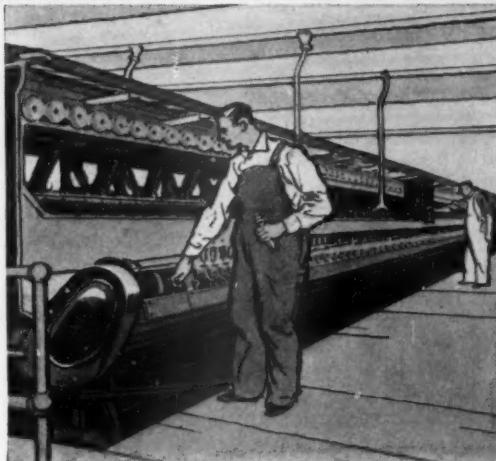
*LA COUTURIER*, however, has always faced another necessity. He must sell these new creations to the world at large and that is not always easy. In the effort to win popularity, the styles are announced in the "Paris Models for the Current Season," worn by beautiful mannequins in style reviews, and displayed in newspapers and magazines. Back in 1893 *la couture* sent elaborate exhibits to the Chicago Exposition (it was their first invasion of America), accompanied

# SIGHTSEEING WITH BAKELITE\*

## *in the Textile Industry*

THE weaving and knitting of textiles, numbered among the oldest of the arts and crafts, is a very different process today compared with a few generations ago. Fabrics that were once slowly and laboriously made with crude, manually operated spinning wheels and looms, are now woven or knitted finer, better and far more quickly and cheaply on modern high speed, automatic textile machines.

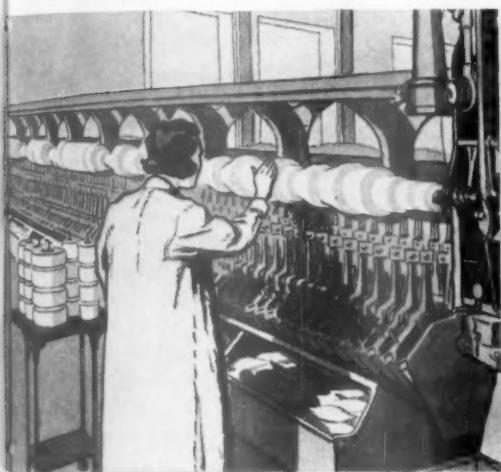
In the highly efficient textile machinery developed within the past few years, the use of Bakelite Materials has played a most important part. In some instances these materials provided the smooth, flawless finish required to prevent thread breakage; in others, the extra margin of strength necessary for high speed operation; in still others, greater resistance to moisture, steam, and various chemicals and dyes. The textile industry applications are so numerous that only a few interesting ones can be pictured here.



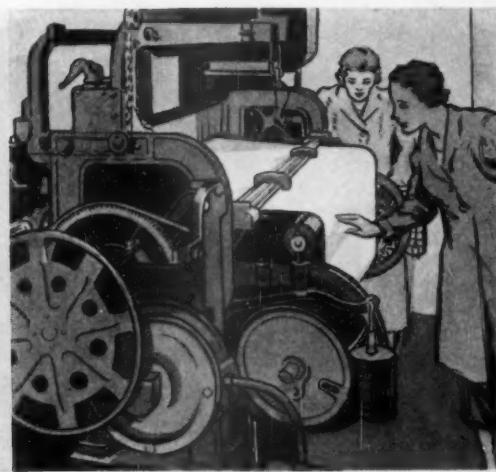
**RAYON SPINNING**—On Wicaco Spinning Machines the spinning pots operating at 6,400 R.P.M. and compartment covers are formed of Bakelite Molded.



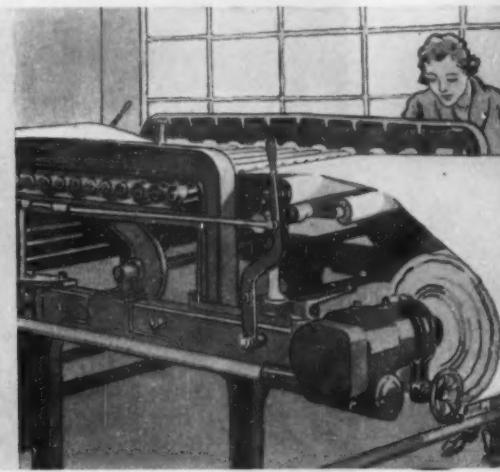
**THREAD WINDING**—Guide wheels, pulleys, drums and package holders of Bakelite Molded greatly diminish the chance of broken threads on Universal Winders.



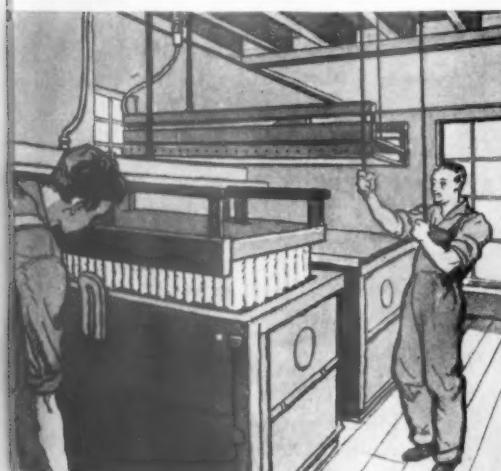
**AUTOMATIC SPOOLING**—Higher operating speeds are made practical on the Barber-Colman Spooler through forming five important operating parts of Bakelite Molded.



**WORSTED WEAVING**—A Bakelite Molded "feeler" is used on the Crompton & Knowles high speed loom. This part operates about 35,000 times in an eight hour day.



**SILK AND RAYON FINISHING**—In finishing silk and rayon fabrics, these are run through a Van Vlaanderen "Button Breaker Machine" with button-rolls of Bakelite Molded.



**DYEING**—In the dyeing and bleaching rooms Bakelite materials are being used to an ever increasing extent, because they are proof against most acids and dilute alkalies.



**INSPECTING**—In examining hosiery for possible flaws, the stockings are drawn over shaped forms of smooth Bakelite Laminated (Synthane), making inspection more rapid than by former methods.

\*Trade Mark Reg. U. S. Pat. Off.

Some of the other textile machinery parts made with Bakelite materials include steaming bobbins, shuttles, cone tips, winding tubes, static eliminators and table tops. The textile industry is typical of a score of others where the use of Bakelite materials has made possible improved production equipment and processes, or products of better design and quality.

It is quite probable that in your own business or product, some one or more of the many Bakelite materials could be used to your profit. Our engineers will be glad to discuss it with you.

We also invite you to write for copies of our Booklets 1 M, "Bakelite Molded", 1 L, "Bakelite Laminated" and 1 S, "Bakelite Synthetic Resins".

Bakelite Corporation, 247 Park Avenue, New York  
Bakelite Corp. of Canada, Ltd., 163 Dufferin Street, Toronto

**BAKELITE**

The registered trade mark above denotes distinctive articles of commerce, the Bakelite Corporation having registered the same under the laws of the United States and certain countries. The Bakelite Corporation is the sole manufacturer of Bakelite products.

**THE MATERIAL OF A THOUSAND USES**

by an advertising campaign direct to the clothes-hungry women of the United States. This created an American demand which thereafter compelled our merchants to send buyers direct to Paris.

So the process of selling these styles has been guided by the demands of the typical woman. She is the one who decides. In the final analysis, it is not *la couturier*, nor yet the "Famous Forty," but the public who set the styles. So it all comes back to merchandising. The style must become a vogue—it must be made popular with the public. This calls for an exhibition. The public sees the things it likes, sees them beautifully displayed, and decides to buy them. In time this creates a vogue. What *la couturier* does—and about all he does—is to cater to the public taste, as soon as he knows what it is. And thus we arrive at Hollywood, Cal., season of 1937.

To understand why the leadership in creating world styles has come to Hollywood, we must know first of all that the designing of costumes—which includes everything worn by the human being—is an extremely im-

portant department in every motion picture studio and is beset with problems sufficient to turn anyone gray.

The first one is that the design must please the eye. This applies in particular to the society picture (out of which all the modes originate) dealing with modern life. From the standpoint of up-to-date styles, this picture must leave nothing to be desired.

Another problem is that the picture you see on the screen today was not made yesterday. Its costume chart was handed to the designer close to a year ago and his creations were made and put into the picture at least six months ahead of any Paris release. Thus the designer must anticipate the styles, and so becomes not only a prophet, but an arbiter of the future vogue. In addition, he must meet the camera requirements, and the camera is an exacting master. It has but two dimensions, and it adds from ten to 15 pounds to the figure, thus calling for the creation of gowns that will reduce the subject back to normalcy.

Finally, the designer must express the theme of the story. If the story deals with modern society the ensemble must tell you so. If it involves modern American life, then the designer must faithfully express, not Paris, but modern America.

#### American designers

THIS latter point is among the fundamentals, and is entirely psychological. As a result, these studio designers are not Parisians at all, but Americans! One would think that the studios, eager to obtain the last word in styles, and willing to pay prodigally for results, would have rushed to Paris, kidnapped a score or so of the world's most famous craftsmen, and brought them to Hollywood.

They did just that. A designer whose name blazed brilliantly in Paris, was under contract with a leading studio for two years, and there have been many others. Yet they all returned to Paris. Either they could not master the studio technique, or they could not subordinate their personal inclination, or they failed to capture the American idea. In any event, today's designs, almost without exception, are created and produced by young men and women born and reared in the United States.

A list of the things which these energetic young Americans have created, and which later became the world's vogue, would include practically every type of wearing apparel used by both sexes. First in the list



The Los Angeles Furniture Mart covers 300,000 square feet, houses the displays—one shown below—of 300 California furniture manufacturers



SKINNER PHOTO ARTS

## Her FIRST Telephone Call

A BRAND-NEW CUSTOMER used the telephone this morning. Betty Sue called up that nice little girl around the corner.

Every day, hundreds of Betty Sues speak their first sentences into the telephone. Just little folks, with casual, friendly greetings to each other. Yet their calls are handled as quickly and efficiently as if they concerned the most important affairs of Mother and Daddy. For there is no distinction

in telephone service. Its benefits are available to all — old and young, rich and poor alike. To Betty Sue, the telephone may some day become commonplace. But it is never that to the workers in the Bell System.

There is constant, never-ending search for ways to improve the speed, clarity and efficiency of your telephone calls . . . to provide the most service, and the best, at the lowest possible cost.

BELL TELEPHONE SYSTEM



**A SENTIMENTAL JOURNEY**

*for every American*

**TODAY, it is the privilege of all good citizens to stand upon hallowed ground...to visit Washington!**

On Chesapeake and Ohio the trip is so supremely comfortable that there's none too old or too young to enjoy it. In the words of Washington himself, the Railroad with a Heart has made "smooth the road...easy the way." You Sleep Like a Kitten and Arrive Fresh as a Daisy!

**THE GEORGE WASHINGTON  
THE SPORTSMAN • THE F. F. V.**

*The Finest Fleet of Genuinely Air-Conditioned Trains in the World*

**CHE  
APEAKE  
AND  
Ohio  
LINES**

St. Louis Indianapolis Cleveland Columbus Atlanta Birmingham Louisville Memphis New Orleans New York Philadelphia Baltimore Washington D.C. Richmond Norfolk Hampton Beach

we might mention the "sex dress," that close-fitting gown which caused so many automobile accidents back around 1930. It established a vogue for the tight-fitting dress and influenced the styles of the entire world. To a yet greater degree has the movie influenced the youthful styles of clothes, and for "girls" of every age.

A specific example of a definitely created new style was the High-Tie which they put about Clara Bow's waist a dozen years ago, sweeping the flappers of that period into an entirely new vogue. Paris later modified this tie into a narrow girdle involving the waistline of everything from a street suit to an evening gown, and the world forthwith adopted it as its own.

Another example, and it caused our ultra-fashionables to shudder when it appeared upon our streets, around 1924, was a little hat which the younger movie stars wore pushed back against their foreheads. Yet within a year the smartest thing in the Paris fashion plates was a hat cut close across the forehead and pushed clear back against the hairline. Of this type of hat the movies created two distinctive designs—the small hat, and the brimless hat—and the camera was responsible for both, because the camera is unalterably opposed to brims. The electrician can do nothing with a face concealed beneath a drooping brim.

Thus the influence of the movies on present styles is really no longer debatable. For at least a decade Cecil DeMille and other studio executives have emphasized this point; it is generally admitted even by the ultra-conservative designers of New York, London and Paris, while Mr. Will Hays is a perennial exponent of the idea.

That many of these styles should turn into world vogues is equally apparent. For never in history has a group of people been so much admired and so persistently imitated as the movie stars. These stars appear on the screen wearing the most elaborate and harmonious garbs that genius can conceive and cash produce. And the motion pic-

ture industry (or art, whichever it is) has the most amazing system of distribution the world has ever seen.

Thus we have 1,200 miles of Garbo, Crawford, Francis, Dietrich, Shearer, and half a hundred other favorites backed by luxuriant settings, and moving to theme music through love episodes across 40,000 silver screens. Can you think of a set of conditions that would make a woman crave a new gown more than this?

#### A new style center

THAT the alert industrialists of Los Angeles should sense the possibilities in this situation was inevitable. One of the prerequisites of commercial and industrial progress is to discover a commodity that will attract a large number of buyers and then sell it. Here was such an opportunity, and out of it grew not only a national style center and an entirely new movement in industry, but also the now internationally-famous semi-annual Combined Market Week.

So far as is discernible, the first step in commercializing these styles was taken by some of the studio designers who, about ten years ago, opened their own shops and began to cater to the public. Their efforts met with immediate success. Including among their patrons such famous stars of that day as Mary Pickford, Norma Talmadge, Gloria Swanson

and a score of others, they attained a ready market for their creations in the East. The movement also included wearing apparel for men, with exclusive designers building suits for such male stars as John Barrymore, Jack Mulhall, Harold Lloyd, and others. The rage for these new movie designs swept the nation.

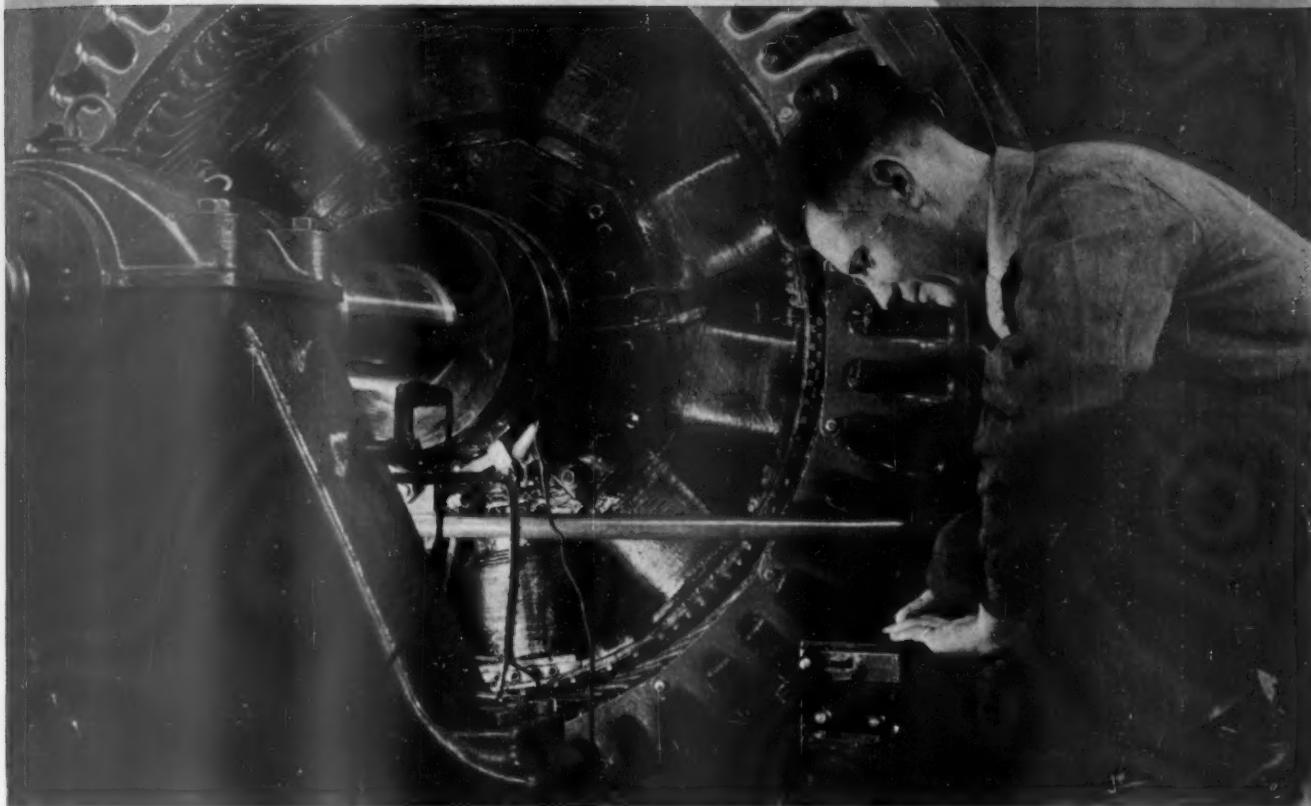
Meanwhile the local garment manufacturers were growing extremely busy. Employing, with but few exceptions, graduate designers from the studios, they began to put out special trademarked lines. One was known as "Studio Costume." Another was the "California Sports Hat."

In about 1928 the Country Club Manufacturing Company made a definite step forward by tying up a



This wrap was designed to make Garbo's neck seem shorter. "The Garbo Collar" was born

# "for want of a shoe . . ."



UNWISE is the rider who lames his horse for want of a secure shoe. Unwise, too, is the executive who cripples horsepower—and, thus, his profits—for want of inspection and insurance such as Hartford Steam Boiler offers.

Too often the slightest neglect breeds the greatest mischief. A flaw in a disc can put a \$500,000 turbine out of business. Fissures invisible to the naked eye can wreck, in an instant, an apparently healthy boiler. Minor defects in engine, fly wheel, refrigerating apparatus can become major calamities. . . . Against such disasters, Hartford's 70 years of specialized experience and record of over 17,000,000 inspections are powerful deterrents!

Hartford is the pioneer of engineering insurance companies in the United States. *It still pioneers.* It maintains a field force unequalled in technical training, within call day and night. It constantly anticipates new developments in the power field, counsels in the design of new apparatus. The Company's engineering staff is continually at research into problems such as safe design, feedwater, caustic embrittlement and fusion welding. And what

is Hartford's to discover is Industry's to profit by.

Industry's constant demand for the Hartford stamp of approval establishes the Company as the recognized authority on power-plant safety. . . . Large or small, your plant will profit by Hartford's protection. Why risk the battle against loss of property and earnings "for want of a shoe"?

Your agent or broker will give you the facts about a Hartford policy.

This familiar seal, the hall-mark of the largest purely engineering insurance company in the world, appears on all Hartford Steam Boiler policies. . . . Engineering insurance covers loss from damage to property or persons, and stoppage of production, business or rents due to explosions of boilers and pressure vessels, and accidents to power and electrical machines. . . . Ninety per cent of all power boilers built for America's industrial plants bear the HSB Imprint, placed thereon by the Hartford inspector who passed upon their design and watched their construction.



**THE HARTFORD STEAM BOILER INSPECTION  
AND INSURANCE COMPANY, Hartford, Connecticut**

**S**HE KNOWS that sitting posture actually reflects one's attitude toward life. You either sit erect and are mentally alert or you slump in your seat, encourage fatigue and become "back conscious."

Designed to make correct posture natural, the Harter Chair causes one to sit erect without effort. Correct posture improves health, relieves fatigue, increases efficiency and induces relaxation. Try a Harter Chair free. Ask your office equipment dealer.

**HARTER**  
Corporation Sturgis, Mich.

MANUFACTURER OF THE WORLD'S  
FINEST STEEL SEATING EQUIPMENT



FREE "For Health's Sake—  
Correct Posture." This  
coupon will bring it. Desk 337

particular movie style and promoting it with movie stars wearing the gowns. Next came "Miss Hollywood Junior." This company's plan was to have a popular young movie star sponsor a particular garment, each garment carrying a label which included the star's name and picture. The company formed a hookup with a merchant in each city, who was given the exclusive account, and who set aside a special floor space devoted exclusively to these styles. This campaign established the product nationally.

Also at about this time was formed the Hollywood Fashion Associates, a group of a dozen cloak and suit manufacturers who joined, on a cooperative basis, to promote a national campaign. It was the beginning of the Associated movement.

Soon Hollywood styles had national distribution, and the farther east they went, the more cordial was their reception. One of the Studio shops sold 80 per cent of its output east of the Mississippi. A twice-a-year Hollywood Fashion Review was a regular Chicago event.

As the movement continued to expand, the Associated Apparel Manufacturers, of Los Angeles, came actively into the picture. The Association is a non-profit, cooperative group, with 150 members, and its functions are purely promotional. Formed as a coordinating unit some 16 years ago, it was called in to take charge of the situation and promote the movement nationally.

#### Showing their ability

ONE of its first problems was found in the fact that the eastern merchants were continually receiving calls for Hollywood styles but knew of no adequate supply. The Association began persistently to tell them that scores of garment manufacturers in Los Angeles were ready to supply these goods.

Another belief to be overcome was that Los Angeles could not compete in volume merchandise.

The methods used to overcome these and other obstacles were sometimes "typically western," but they worked. The development of slacks is an example.

Slacks were a Los Angeles invention. Yet no merchant anywhere took them seriously. So the manufacturer put them on beautiful movie stars—with the studios cooperating—and gave the photographs to the press. As one manufacturer laughingly put it:

"They looked so darned cute that every woman wanted them."

A more ambitious project was a bus trip over the entire United

States. Ten Hollywood beauties made the jaunt to display some 200 different gowns. In each city visited, a leading department store cooperated with a Hollywood Style Show which brought volumes of publicity. On another occasion they put on a contest using models from six of the leading department stores of the East. The winner of this contest was given a movie contract.

An airplane style show was another successful stunt. It was tied in with T.W.A. and the Fox Studio. A fleet of planes was used. In the party were 28 persons, including not only movie actors, but merchants, eastern buyers, studio executives and news men. The planes flew to Palm Springs for luncheon, back to Coronado for tea, and thence to the Biltmore Bowl in Los Angeles for dinner in evening dress. At each stop, a Style Show was put on showing garments suitable to the occasion. The news stories and pictures went into scores of publications.

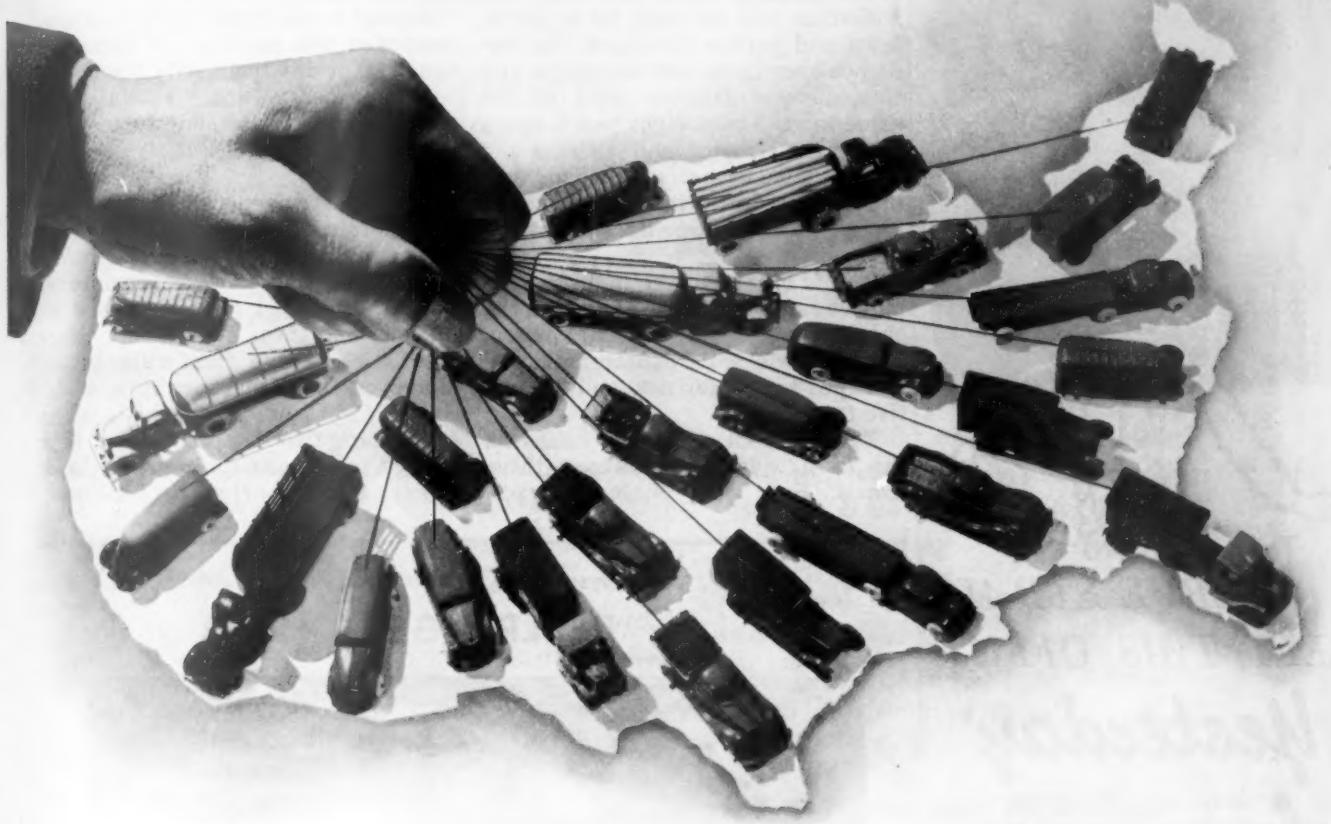
#### Displaying Hollywood wares

THE Association constantly watches for new opportunities. The Santa Anita races offer an unparalleled occasion for the display of clothing of the Hollywood outdoor type. Each year the Association takes many hundred photographs of these people and supplies them, properly titled, to the news services and the nation's press in general. When the Southern Methodists played Stanford in the Rose Bowl, in January, 1936, the occasion was capitalized to develop trade with Texas. A hook-up with the Vancouver B. C. Fashion Show helped to develop international friendship, and meanwhile enabled Los Angeles to sell the Canadian city practically all the garments used in the exhibit. Each year, the Association presents a loving cup to the studio designer who creates the most distinctive style, and this event also is given national publicity.

The whole movement is cooperative. In many cases the studios directly cooperate with the manufacturers. The air lines also cooperate, on the ground that the publicity is valuable. The news reels find the Hollywood Styles an important acquisition. Local style shows display "What the movie stars are wearing this year," and the movie magazines print stories. Many of the local manufacturers design direct for the movies, while the studios buy many styles that the local companies produce.

If an eastern merchant wishes to make a tie-up with a movie star, the Association helps with the arrangement, and it also gives him exclusive

# FLEET CONTROL



*that reaches across the continent  
to hold down operating costs*

Today hundreds of bus, truck and delivery car fleets are being operated at mileage costs that were once considered unattainably low.

In this, Texaco has played a leading part . . . offering the unique advantages of a service at once as *national* as its largest customers, yet as *local* as the needs of the smallest operating units.

In supplying your gasoline and lubricant requirements, Texaco Fleet Control offers these benefits:

Uniformly satisfactory performance through the use of Texaco Products available all over the nation.

Engineering service under centralized supervision available throughout the U. S. A.

In field operation you immediately gain the uniform low-cost performance of highest quality products, ending the hit-or-miss results of local purchasing.

Quick deliveries are assured from 2020 Texaco warehousing points in all 48 States.

Large or small, *your* fleet will benefit by this Fleet Control. A letter or telephone call will bring a Texaco representative to your own office with the complete information.

## THE TEXAS COMPANY

*Makers of* TEXACO



Petroleum Products



## NERVE STRAIN LEFT THIS OFFICE

*Yesterday*

Today, with NU-WOOD on walls and ceilings, it has restful nerve-soothing quiet—thanks to Nu-Wood's sound-absorbing qualities. Nu-Wood, too, has taken away the blankness and bleakness of the old-fashioned office walls, covering them with a textured surface of glowing, harmonious beauty. And the office is more comfortable because Nu-Wood insulates so efficiently!

For offices, schools, homes, churches, theatres, banks and scores of other places, Nu-Wood furnishes the simple, inexpensive way to modernize. In existing buildings, it is applied quickly and easily over old walls and ceilings. In new construction, it offers substantial economies. Low in cost, its advantages are permanent.

Let us give you complete facts about Nu-Wood. The coupon will bring you full details.

**NU-WOOD the insulating interior finish**

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Room 144, First National Bank Bldg.  
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rights and protection in any line desired.

Running parallel with this style development in the apparel industry is an equally important one involving furniture and fixtures. It is easy to see how this development came about. In every society picture, elaborate drawing room, bedroom, and bathroom sets are used. So is porch, lawn and garden furniture. The audience sees these new creations and immediately demands some of the same kind. About eight years ago a government report showed that the bedroom and bathroom sets displayed in motion pictures had increased our foreign sales in these lines about 500 per cent.

In this branch of the industry, the movies cannot claim to have been the chief impelling force. They have, however, wielded a definite influence—helped to develop new and distinctive trends.

Even without the movie influence, the local industry developed three trends that are distinctly Cali-

fornian: First is California, or Western American Furniture, which shows Spanish, Mexican, and Pioneer American influence, and which is particularly adaptable to an outdoor way of living—suitable for the summer cottage, the country estate, clubs, lake resorts, mountain hotels, and the like.

Second is the Eighteenth Century, simplified and modified in terms of the present day, primarily for living room purposes.

The third is the strictly modern design, with a definite Hollywood influence.

The industry generally agrees that all this furniture has been influenced by the motion picture. For the movie demands boldness in the furniture, fabrics, rugs and draperies used in its sets, and these are distinct characteristics of the California types. Moreover, functional furniture, a distinctly California idea, which tends to combine two or three pieces into a single piece (as a chair with a china cabinet, a davenport with a bookcase,

## BELLRINGERS



NEUMAN STUDIO

## Eskimos in Ft. Wayne

WHEN the temperature was hovering in the high nineties last summer, the Consumers Ice Company of Fort Wayne, Ind., drew the plans for a unique Christmas Display—an Ice Igloo.

Constructed entirely of ice blocks frozen in their plant, this replica of a North Pole Eskimo home measured seven feet in diameter, six and a half feet high. Five men worked all day before Christmas, laying the blocks, using water which soon froze, as mortar.

Outwardly, the structure was cold and hard but inside the lights raised the temperature causing gradual melting, but added to the effectiveness of the display. The structure weighed three tons, and a decorated Christmas tree was placed on each side to enhance the display, as well as to epitomize the spirit of the season.

"The evening that this display was publicized, 102 automobiles in one hour drove to our plant to see the igloo," said the management.

# A simple DIRECT METHOD *of financing modern business*

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**T**HE DEFINITE benefits provided by discounting accounts receivable are recognized by leaders all along the front line of industry. Thousands of top flight manufacturers and wholesalers now speed up business through this modern way of keeping capital constantly liquid and at work.

Selling, or discounting, accounts receivable is a simple method of getting immediate cash for the merchandise you have sold. It is flexible and convenient. It is safer and quicker than a mortgage, stock issue or other expedient as a means of providing working capital. It costs no more—in many cases, less.

#### ***Two-way Benefit in Discounting Accounts***

In the plainest language, here is a financing system that has a double-action benefit . . . to your creditors and suppliers *as well as to yourself*. Your improved cash position will benefit your merchandise creditors. They'd rather see you taking discounts than awaiting

full maturities or asking extensions. The quicker you pay, the more you can buy from them and the less *their* money is tied up.

With cash in lieu of book assets, you are in a position to discount bills, purchase at lower prices, finance a greater volume of sales . . . all of which add to your profits.

#### ***Corporations, Insurance Companies Invest Surpluses***

Government agencies, Federal reserve banks, and sound strong financial institutions everywhere countenance this sensible financing practice. Great industrial corporations, insurance companies and estates invest surplus funds with us for employment in this financing project. If your business is in the least hampered or held back by inadequate liquid capital, why not investigate. A brief consultation will show if we can help you. All correspondence and interviews are strictly confidential and carry no obligations . . . Write today.



**COMMERCIAL CREDIT COMPANY**  
BALTIMORE, MARYLAND

## THOSE FIRST JOYFUL DAYS IN YOUR OWN HOME

**How Happy They Can Make You!**



### But Don't Let the Purchase Leave You Without Reserves, Needing Extra Cash Sometimes to Meet Other Obligations

● How proud and adventurous you will feel—when you first buy a home! How happy—to have the place you'd planned for—a yard for the youngsters—the standing in the community that comes with a home of your own. But don't let it take all your savings to buy it—leave you without reserves.

Eager, ambitious young people, hungry for the better things of life—a home, a car, advantages for their children—are stretching their finances to buy them now. If unplanned expenditures become necessary—they must borrow. Lacking negotiable security, they can't borrow at a bank.

#### Loans Without Collateral

Many of them come to Household Finance, and, if they can repay the loan without too much strain, we lend them the money they need—with bankable collateral—at reasonable rates—on a monthly repayment plan requiring only about 10% of monthly income.

#### Aid in Money Management

Household Finance also offers all young couples a practical plan of Home Money Management that stops money leaks—and thorough instruction in Better Buymanship that stretches the family dollar as much as 20%. This helpful, human service will enable families to plan toward the day they can own their own homes without taking the unnecessary risks that are too often the case.

#### Attention Employers

Employers interested in the personal financial problems of their employees will find the Household Finance booklets on Home Money Management informative and practical. We will gladly send you free copies.

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**and Subsidiaries— one of the leading family finance organizations, with 222 offices in 145 cities**

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cellarette and radio, for use in compact homes), came almost directly from the movie sets, and porch and lawn furniture are largely of movie origin. All of which seems natural enough when we remember that the motion picture acts as a spring board to disseminate these ideas, and likewise as a lodestone to draw the world's attention to them.

Hence this branch of the industry, while less closely tied to the movies than the garment styles, still shows a definite movie influence. This influence has been reflected in the rapid spread of sales throughout the Middle West and East. The task of directing the movement is in the hands of the Los Angeles Furniture Manufacturers Association, a service unit which not only promotes the industry as a whole but also attends to pooling cars, routing freight, auditing freight bills, adjusting claims, legislative matters, and other membership needs. It owns its own building—the Los Angeles Furniture Mart—with 220,000 feet of floor space, and it is the only Furniture Association in the United States that owns, operates and controls a furniture mart. The investment totals \$450,000; the Association has 150 members, and 330 exhibitors.

Through the efforts of this cooperative unit, the industry has grown apace. Starting in about 1906 with a half-dozen bedding factories, expanding some ten years ago from a dozen exclusive cabinet makers who began to evolve California Styles, it has reached a point where some 260 local firms are now engaged in the various branches of furniture manufacturing, while the product is sold in every state, and also in Canada and Mexico. Thus are these distinctive western designs thrusting themselves into the life stream of the nation's industry.

#### Expanding the market

THE next step in the evolution of this idea (for the entire movement is definitely tied together) lay entirely within the realm of merchandising. Since innumerable new styles, both in wearing apparel and furniture, were now available, and since some 500 factories were turning them out on a steadily increasing scale, it was necessary to expand the market. And it was expanded! Into the semi-annual combined Market Week, which in volume of business transacted is second only to Chicago's great Merchandise Mart.

This Market Week had an extremely simple beginning. As far back as 1917 a few enterprising merchants had begun to hold exhibits of their wares in an effort to attract the lo-

cal buyers. Yet their appeal was only local, and they were always individual exhibits of individual merchants.

Meanwhile, in continuous pursuit of a broader market for locally manufactured products, the Chamber of Commerce, in conjunction with local merchants and manufacturers, had, in 1931, organized an Association of Buyers throughout the 12 western states. This unit developed into the Western States Merchants Association and one of its most important acts was to inaugurate a series of trade conventions held twice each year in Los Angeles. These conventions developed into the present Combined Market Week.

#### A coordinated market

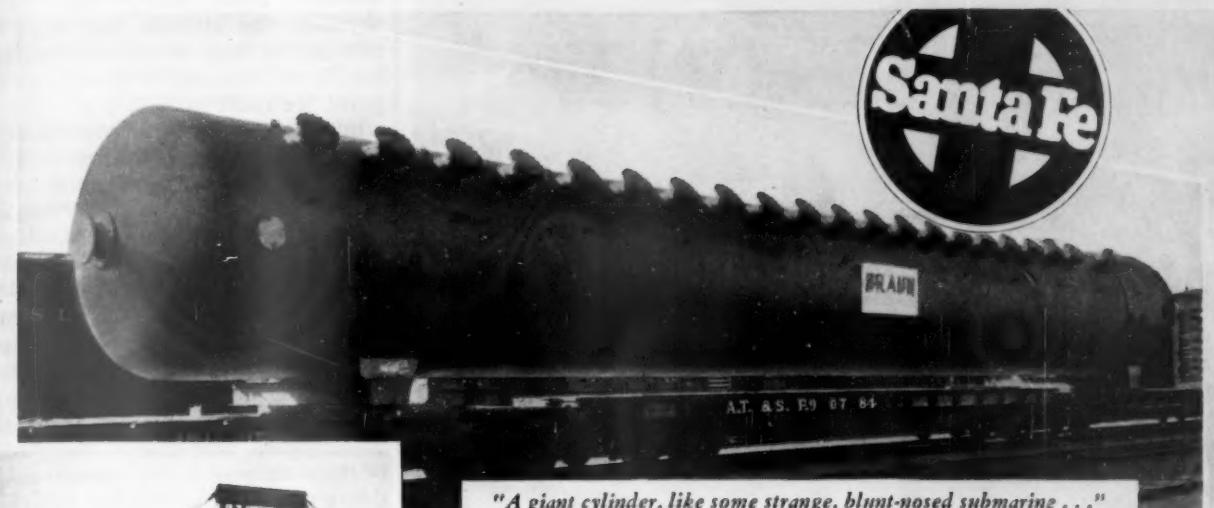
PERHAPS the most important thing about this Market Week is that it is "Combined." Hitherto the different industries had held their exhibits independently—the garment, millinery and furniture groups each going it alone. The new idea was to combine all these activities into a huge coordinated movement, thus greatly expanding the list of exhibits, multiplying the significance of the event, and inviting the whole world to attend.

The first one was held from July 30 to August 4, 1934. Eight industrial groups, involving more than 400 local firms, participated. The exhibits included women's apparel, millinery, infants' and children's wear, men's wear, wholesale dry goods and related branches, furniture, floor coverings, art, gifts and housewares, pottery, machinery, and many other lines. More than 7,000 buyers from 34 states attended.

The January, 1935, Market Week proved even more successful. It was followed by a fall Market Week, late in July. The spring event attracted 7,800, and the autumn display, 9,300 buyers.

The lines on display at the January and July, 1936, exhibits were more diversified and extensive than ever and 10,000 buyers were present. The exhibitors included 25 manufacturers of men's wearing apparel, 35 millinery firms, 85 producers of small wares, 125 creators of women's apparel, and 260 furniture manufacturers. The gross business done by these local companies totals \$100,000,000 annually, and directly affects the pay checks of some 30,000 wage-earners.

These results all grew from a small beginning a dozen years ago. Today 250 of the largest department stores in the United States keep their buyers continually in Los Angeles. Throughout each year the "style



*"A giant cylinder, like some strange, blunt-nosed submarine . . ."*



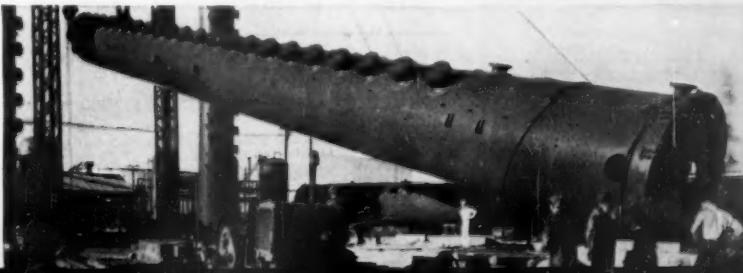
*A powerful gallows frame hoist lifts another column into place*

The colossus that is American industry is stirring mightily again. The problem of swift, safe, sure and economical transportation grows with the rising tide of production • May we shoulder that problem for you, in the manner that has brought us the valued confidence of other shippers? Those shippers sent 10,000,000 tons of manufactured products over our rails in 1936—to or from, across or within the twelve states that hold over 20,000 miles of Santa Fe trackage.

## Not by Highway, Air, or Sea

Consider these giant warted cylinders, so like strange, blunt-nosed submarines. They contribute to pleasure and economy in your motoring. For they are fractionating columns, used in gasoline cracking plants • Bricks can be cracked with hammers. Not so petroleum. Instead, the crude oil is run into a chamber, where, under pressure, it is raised to high temperature. Temperature and pressure are the hammers breaking the oil down into its components. The oil is then forced into such fractionating columns as these and from the various openings gasoline and other products are drawn off • These columns were built in Alhambra, California, product of the Golden State's humming industrial activity. There were six in all, huge, of varying dimensions, destined for a refinery at Baytown, Texas. One was 120 feet long. One was 10½ feet in diameter. One weighed 150 tons. All were of heavy steel, completely welded, then annealed in the world's largest oven of its kind • Mountains, deserts, prairies separated the manufacturer from Baytown. The gap could not be bridged by highway, air or sea. As in countless other cases, only the railroad could bring producer and consumer together • Santa Fe experts went to work. Length, weight, height, and width were studied in relation to loading, clearances, flexibility in transit. Each column required three flat cars, the center one an "idler." Note the supporting bolsters, allowing free movement on curves; the bracing against end pull • Alhambra's huge fractionating columns are safe in Baytown.

*Exceptional length, weight, height and width complicated this transportation problem*



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- Please let me know when "Two Salesmen in Search of an Order" will be exhibited in my city.
- I want to see your representative.

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See this new talking picture  
**"TWO SALESMEN IN SEARCH OF AN ORDER"**  
... especially if you're too busy!

BECAUSE there's a right and a wrong way to sell everything, over 20,000 business men have heartily enjoyed this outstanding sales training picture since October 1st. In 30 minutes, packed with real ideas, you'll see simple, sensible short-cuts, time-savers, work-savers and cost-savers that only Dictaphone users enjoy. Men with this modern dictating machine get lots more done . . . with lots less effort . . .

*no matter what their business may be!*

The time when Dictaphone was just a correspondence machine is long past. And the time when Dictaphone will be just about as universal as the typewriter is well on its way. The trend to Dictaphone sweeps on!

Even if you have never mailed a coupon in your life, mail this one now. The rewards of "Two Salesmen in Search of an Order" are real and quick!

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

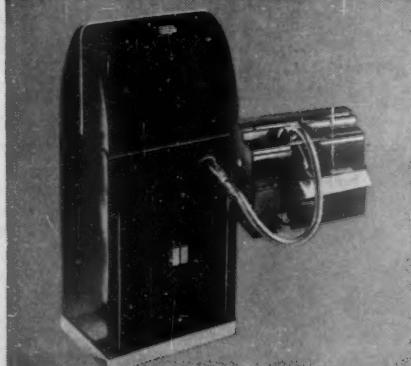


W. H. Eaton, Pres. Treas.  
Country Life-American Home Corp.  
New York City

C. T. Burg, Gen. Sales Mgr.  
Iron Fireman Mfg. Co.  
Cleveland, Ohio

C. Arthur Bruce, Vice Pres.  
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Some Companies that have recently swung to Dictaphone

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Cramer-Krasselt Company, Milwaukee, Wisc.

scouts" from Paris also prowl through the studios, searching for new styles and, when possible, buying them in advance, though at this point we must definitely admit that, while Hollywood does overwhelmingly dominate the styles in sport suits, street dress, outing garments and related lines, New York and Paris still dominate the formal dress, though even in this field the movies exert a marked influence.

The Los Angeles Combined Market Week now stands second only to the Chicago exhibit. Local business leaders agree that its fame is largely built around the lure of Hollywood styles, and that in the absence of this unique and tremendous impetus the event would not have been possible.

So apparently no one, not even Paris, can escape the power and magic of the movies.

## Answering Mr. Pettengill

(Continued from page 54)

at the normal rate points tends to decrease. Gradually the traffic moving on the low rates ceases to be mere added traffic, and the out-of-pocket expense swells in volume. So does the burden upon the non-competitive traffic.

It might be assumed from the opposition to the repeal of the long-and-short-haul clause which came before congressional committees last year from organizations who to such a considerable extent represent the interior of the country, that shipper organizations on the Atlantic and Pacific coasts would favor the repeal. The contrary is the case. Many organizations from both the Atlantic and the Pacific coasts realize that any low trans-continental rates which the railroads may inaugurate, should this prohibition be removed, will be directed toward elimination of the all-water routes which the coast to coast movement now has available.

With that competition eliminated, or even substantially reduced, the low rates for the long haul would largely disappear. Moreover, shippers in coastal areas are short haul shippers as well as long haul shippers. They ship by rail to and from the non-water-competitive points of the interior which the railroads propose to make bear the brunt of their revenue needs.

The Merchants' Association of New York, the Maritime Association of New York, The New England Traffic League, representatives from chambers of commerce of cities on

the Pacific Coast, and many other representatives of coastal interests appeared before the congressional committees in opposition to the repeal proposed by the railroads.

The Interstate Commerce Commission is emphatically on record against the proposal of the railroads.

A present member of that Commission, former Coordinator of Transportation Eastman, in addressing the National Rivers and Harbors Congress in 1934, said:

So far as water transportation is concerned, you know what happened in the past, when the railroads had a free hand, and swept the inland waterways practically free of competing craft. In that connection I suggest that you who have the interests of water transportation at heart may well keep an eye on the attempts which are being made to wipe out the long-and-short-haul clause of the Interstate Commerce Act. I venture this suggestion lest there be a repetition of our early experience with destructive competition.

Another government official, Gen. T. Q. Ashburn, has declared:

The Pettengill bill is so dangerous to the economic security of our country, so vast a grant of power to the railroads to say which part of our country shall be exploited at the benefit of another; so dangerous a power for them to have if they exercise it so as to accomplish its ostensible object, that grave doubts can be raised as to the sincerity of the railroads in proposing the bill.

The repeal of the so-called long-and-short-haul clause of the Interstate Commerce Act would result in conditions which would mean the practical extinction of shipping via the Panama Canal and jeopardize the large investments in ships at a time when this industry is struggling for existence.

#### A hard blow for shipping

THE repeal of the so-called long-and-short-haul clause would practically result in the laying up of upwards of 400 steamships suitable for intercoastal and coastwise trade and deprive the United States Government of \$12,000,000 in Revenue from the operation of the Panama Canal. It should be borne in mind that upwards of 300,000 men are employed on the Atlantic and Pacific coasts in the various activities connected with this industry.

We are in sympathy with the railroads in seeking permission to charge freight rates sufficient for proper operation and maintenance, but we are not in favor of any legislation that would tend to nullify the purpose of the Merchant Marine Act and to destroy our coastwise and intercoastal shipping which are of such vital importance to the welfare and to the protection of our country at peace and in war.



## "That's Why I Joined the *'Not-Over-50' Club!*"

"There's plenty of unseen danger down where I work. But I'm on the look-out for trouble every second," writes William Lehndorf, 10703 Avenue H, South Chicago, Ill. "Diving or driving I want to be ready for any unseen danger. That's why I joined the 'NOT-OVER-50' Club."

No wonder 67% of all automobile deaths occur on rural highways. People don't have time to think and act in an emergency when they're speeding. That's why you should join the "NOT-OVER-50" Club.

Send for your free membership and safety emblems, now.

#### *Car Insurance At Cost*

You buy your car insurance at cost when you insure with



Lumbermens because Lumbermens has always paid large dividends in cash to policyholders every year.

The fact that Lumbermens insures only careful drivers who have fewer accidents is one reason why Lumbermens' net cost is so low. Efficient management is another.

You don't have to be insured in Lumbermens nor are you under any obligation when you join the "NOT-OVER-50" Club. So mail the coupon for your free emblems today.

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The red arrow reminder for your speedometer . . . the Safety seal and the safe driving creed can be obtained from your local Lumbermens representative or will be sent free. No obligation.

## LUMBERMENS MUTUAL CASUALTY COMPANY *Division of Kemper Insurance*

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		"NOT-OVER-50" CLUB, 4750 Sheridan Road, Chicago, Illinois Please mail me _____ safety packets described above. I understand that these insignia are free and that this places me under no obligation. <input type="checkbox"/> Also send me your booklet <i>How Careful Driving May Pay You a Dollars and Cents Return</i> . NB-4	
Name _____ Address _____ City _____ State _____			

## Don't Fear the Robinson-Patman Law

*(Continued from page 19)*  
 in the retail field, and a retail merchant who would let it be known that he was selling at special low prices to favorite customers would be writing his business obituary.

It is significant that this general observance in the retail field has been attained without the aid of law. Ordinarily, a retail merchant does not sell a sufficient volume of goods to any one individual customer to make granting a special price worth while, in view of the risk the transaction would entail if other customers discovered it. Therefore, the one-price system found favor in retailing because it facilitated trading and promoted honesty in business, and it is protected by the public insistence that all customers shall be given identical opportunities to purchase.

In the broader field, the public is ignorant of discriminations and the evils they create, and regulation by law is necessary. The retailer and the wholesaler who serves him ultimately procure their goods from manufacturers who have larger ratios of overhead costs than has the intermediate distributor. Also, the manufacturer sells to customers whose

volumes vary much more widely. I have found that many manufacturers sell 15 per cent or more of their entire volume to single distributors, a ratio practically non-existent in the retail field. It is these factors, and their effect on business policies and practices, that are responsible for price discrimination.

### Overhead compels sales

THAT overhead costs are fixed, or relatively so, is an element of great importance in mass production. The constant desire to recoup on overhead costs is an impelling motive for the manufacturer to cut prices to large-volume buyers rather than lose their business. In many instances, manufacturers have felt that they were compelled to make such sales, even though they contributed less than their rightful share to overhead costs, in comparison with the contributions of other customers; and even though they placed other purchasers under a handicap in reselling the products and demoralized their markets.

The demand for discriminatory prices greatly increased with the de-

velopment of mass distribution after the World War. Since then, many thousands of retailers and hundreds of wholesale distributors have been put out of business or absorbed by mass distributors. Many communities have suffered the loss of civic and charitable support, and have demanded relief. Independent merchants have petitioned their legislatures, and various states have passed special tax laws. But apparently little could be accomplished to stem the competitive abuses of mass distribution until those most concerned generally realized that the demoralizing business practices were the result of a single cause—price discrimination.

A manufacturer's overhead represents equipment and plant commonly used in serving his large and small customers alike. If one customer does not contribute to the overhead costs in the price he pays, that cost must be loaded off on the others. For this reason, the small customers must, in the long run, pay for the price favors granted to a few large customers, or the manufacturer's business will fail. This result is what makes special prices to mass distributors discriminatory. It forces the small retailers

No manufacturer or distributor who accords his customers equal treatment need fear liability under the Act





# "We took WASTE off the PAYROLL

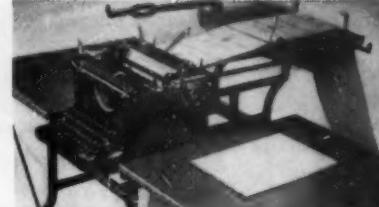
*Saved \$15,000 a Year in  
Writing Office Forms Alone"*

Twelve years ago a nationally known auto accessory chain replaced an antique purchase order system with Underwood Elliott Fisher Fanfold Machines and Fan-fold Forms. The result has been a saving of \$15,000 a year *every year*. The machines released 25 order writing clerks for duty as salesmen.

Suppose we took all the related forms of your business and combined them in a single unit. Suppose we fed this *combined* form, folded "fanwise" as part of an endless chain, to a writing machine that inserted and removed all carbons *automatically*...leaving the operator free to spend practically all her time typing. Imagine the saving in the cost of labor and supplies! Think of the increased efficiency and accuracy!

Yet there is no need to suppose... Underwood Elliott Fisher Fanfold Machines do just that. They reduce a flock of form writing jobs to a single operation

...They handle bills, purchase orders, production orders, *all* form-writing tasks with greater speed and



*Illustrated: The Underwood Fanfold Writing Machine—one of two Fanfold models made by Underwood Elliott Fisher. Prices begin at \$190.00. Every machine is backed by nationwide, company-owned service facilities.*

greater accuracy. They establish eye-opening economies in labor and supplies.

#### *What You Can Do About It*

If you will lay all your business forms on your desk, we will either prove to you that they may be handled with greater speed, accuracy and economy on Fan-fold Machines or tell you frankly that they *can't* be. No obligation to you—the burden of proof is ours. Why not mail the coupon today.

*Accounting Machine Division*

**UNDERWOOD ELLIOTT FISHER  
COMPANY**

*Accounting Machines, Typewriters, Adding Machines  
Carbon Paper, Ribbons and other Supplies  
One Park Avenue, New York, N.Y.  
Sales and Service Everywhere*



*Accounting Machine Division  
Underwood Elliott Fisher Company  
One Park Avenue, New York, N.Y.*

NB4-37

I am willing to be shown what your Fanfold System can do for us.  
I would like a free copy of "Modern Record Writing the Fanfold Way."

Your Name \_\_\_\_\_

Name of Business \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

Underwood Elliott Fisher with its coast to coast organization is prepared to cooperate with any business in connection with its record writing problems.

*Underwood Elliott Fisher  
Speeds the World's Business*

# Underwood

ELLIOTT FISHER FANFOLD MACHINES

Copyright 1937 Underwood Elliott Fisher Co.

**IRON FIREMAN**

Automatic coal heating gives luxurious warmth at low cost.

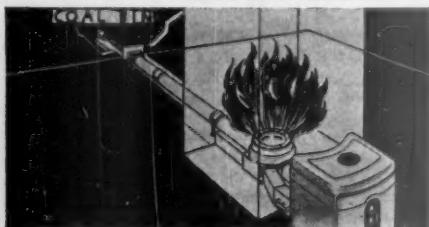


Get over on the *automatic side* in your boiler room with Iron Fireman firing. Fuel and labor costs will come down. Smoke waste will end. Boiler efficiency will increase. With an Iron Fireman automatic coal burner on the job you'll look at the low heating costs and wonder why you didn't adopt Iron Fireman years ago.

Iron Fireman stokers are made for boilers developing up to 500 h.p. They are produced by the world's largest stoker manufacturer. They are designed, built and serviced by a strong national organization of skilled and experienced stoker men. When you buy Iron Fireman you buy the standard of stoker quality.

#### Free Firing Survey

In your plant modernization program this year, be sure to consider your boiler room. *Modernize, but don't saddle yourself with high fuel costs.* Take a good square look at the advantages of Iron Fireman firing. You can do this without obligation or expense. An authorized Iron Fireman dealer will make an analysis and survey of your job and give you a report on what Iron Fireman will cost, what it will save in one, five or ten years operation. He will give you the names of owners near you so that you can make your personal check of their experiences. It's good business to have this information. Call your dealer or write the factory at 3181 W. 106th Street, Cleveland for literature. Iron Fireman Mfg. Co., Portland, Oregon; Cleveland, Ohio; Toronto, Canada. Dealers everywhere.



Iron Fireman *Coal Flow* model feeds coal direct from bin to fire. No coal handling. No dust. Models for home heating plants and for commercial boilers developing up to 500 h.p. Convenient payment terms.

## IRON FIREMAN AUTOMATIC COAL BURNER

to subsidize a competition which they cannot meet and remain in business.

The manufacturers were powerless to remedy this condition. Agreement among them on the subject was forbidden by the Sherman Act. Even if it had not been against the law, manufacturers would have found it impossible to prevent certain members of their industry from profiting at the expense of the rest. While a few producers were in a position favorable enough to enable them to withstand the temptation to favor the largest buyers, the great majority were not. Generally speaking, for a manufacturer to have set out as a pioneer in eliminating price discrimination would have been to offer his business as a useless sacrifice on the altar of protest.

It was a condition of widespread inequality and even greater denial of opportunity, for which no remedy was available except by law, and that remedy, I feel, has been measurably achieved by the Robinson-Patman Act.

#### Evasions are difficult

THE answers to questions regarding this law depend fundamentally on whether the questioner wants to observe and comply with its purpose and spirit, or whether he is trying to find ways to evade it. In the latter case, he should bear in mind that the Act, in regard to its prohibitions, reads, "directly or indirectly." Therefore, he who contemplates evasion should not be misled by the fact that he has figured out a procedure which he does not find expressly prohibited in the Act.

For the manufacturer or distributor who desires to benefit to the greatest possible extent under the law, there are certain principles of safety which, if observed, will enable him to avoid its liabilities. Knowledge of these principles also will afford him a maximum of latitude for the conduct of any useful and legitimate business.

Three general questions, which point in the direction of this principle, have been asked more frequently than any others. They are:

First, how does the Act affect our sales policies?

Second, how does it affect credit terms?

Third, how can we comply with the law in our buying?

In answering the first, manufacturers should survey the territorial scope of their operations. The manufacturer who sells entirely within his state to customers who buy for resale or use within the same state may dismiss the matter from his mind, because he is not within the

scope of the Act. But when a manufacturer's goods cross a state line, he should remember that it is the comparative effect of his methods of sale on those who buy his goods that determines the legality of his selling policy.

At all times it should be borne in mind that the major purpose of the Act is to prevent discrimination which, in its intrinsic meaning, is a concession or advantage to one which causes a disadvantage to another. If no disadvantage of any kind follows a price concession, then it is not a discrimination.

If two or more customers of a manufacturer are in competition with each other in the resale of his products, granting a lower price to one, unjustified by difference in cost, is a discrimination which places the other at a competitive disadvantage. Even if the customers are not in competition, if the manufacturer sells to one or more at prices so low as to leave a deficit of cost or necessary profit to be made up in sustained or increased prices to other customers, then again a disadvantage results.

As long as a manufacturer sells at the same prices to customers who are competing in the resale of his goods, he may feel safe against any charge of discrimination between them. As between non-competing customers, as long as the manufacturer sells to no one below cost, including in the computation his cost of doing business, he will not be subject to a charge of discrimination.

In the case of a product sold below cost, whether as a loss leader, a close-out, obsolete or distress goods, as long as the manufacturer holds the price available to his customers generally at the same time, he is not violating the law. And, of course, the same rules apply to sales made by distributors.

#### Different prices are permitted

AS to cost differentials, the Act expressly permits different prices between competing customers, when the variation in price is due only to differences in cost of manufacture, sale or delivery, resulting from differing methods or quantities in which the goods are sold or delivered to the purchasers. But in a case of this kind, should there be a charge of discrimination, the burden of proof is on the seller to show the supporting difference in cost.

The entire subject of price concessions, based on variations of manufacturers' costs, is greatly simplified by answering two questions:

Could the manufacturer afford to produce, sell and deliver to all of his customers in the quantities and un-

der the methods of sale and delivery which he is using for a particular class of favored customers? Would he come out at the end of the year with that minimum of profit necessary to justify, in the long run, his continuance in business? If he could afford to sell all of his customers on the basis of the favored group, even if they were all of that size, the chances are that the differential is supported by differences in cost permitted by the Act. If he could not do so, it is likely that the discrimination makes more than due allowance for differences in cost, and is illegal under the Act.

#### Credit terms should be uniform

IT does not appear that the law will necessitate any changes in credit policies which do not allow credit terms to be used for purposes of discrimination. As originally drafted, the bill prohibited discrimination in terms of sale. But the committee hearings revealed difficulties in applying that provision, and the committee thought it simpler to eliminate specific mention of terms since the Act already prohibits indirect discriminations in price.

There is no doubt that a discrimination in credit terms, if unwarranted by considerations related to credit, may still be an indirect discrimination in price.

In my opinion the difficulties of the original provision regarding terms could have been remedied by revision. This may be done in the future, if the need arises.

I do not believe a manufacturer or wholesaler is safe in making different prices to competing customers based on their credit risks. The seller can make different credit terms for payment in differing periods of time, such as in 30, 60 or 90 days, or he can stipulate a percentage of surcharge, dependent on the time of delayed payment.

He may even stipulate an allowance for reasonable cost of a suit for collection, or he can refuse to sell a customer who is a bad credit risk, except upon payment of cash in advance, or cash on delivery.

But a manufacturer or distributor cannot safely sell at different base prices to certain customers simply because they are habitually slow in paying their bills. To permit such variations would open the door to promiscuous violations of the purpose and spirit of the Act.

Now, as to a safety zone for buying policies. I believe that every buyer should look at the mercantile picture from the viewpoint of the manufacturers or other sellers from whom he buys. Because the Act

**Earned \$125,000 in His Day—But Now  
He's JUST A SON-IN-LAW'S BURDEN**



The man without a home of his own! Perhaps you've seen him—dependent on a son or daughter. It's an uncomfortable situation for all concerned. Particularly for the man who has earned a lot of money during his lifetime.

Thousands of young men today, fearing the misery of dependency, are making sure they'll never become burdens on anyone. At 65 they may be entitled to some income under the Social Security Act, but they need more than that. That's why they're investing in Northwestern Mutual Retirement Insurance. Then, starting in their fifties

or sixties, they'll be sure of \$100 a month or more, for life.

You, too, can insure yourself such an old-age income—and protect your family under the Northwestern Mutual plan. If you should not live to receive this income yourself, your family would receive all you had planned to save. What other plan can accomplish this?

The Check That Never Fails is shown below. Wouldn't you like to know, when you reach your 50's or 60's, that there will be one like it—for \$100 or more—coming to you the first of each month as long as you live? Send coupon for the description of this plan, and exact figures for your age. No obligation.

NH-4-37

FILL IN THIS COUPON WITHOUT OBLIGATION

No. D-XE 21860  
The Northwestern Mutual Life Insurance Company, Milwaukee, Wis.

**PAY 100 DOLLARS A MONTH FOR LIFE  
To The Order of**

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Age \_\_\_\_\_



PRESIDENT

TREASURER

SPECIMEN

The Northwestern Mutual is a purely mutual company furnishing life insurance at cost. In 80 years it has grown into A Billion Dollar Estate, because of widespread recognition of the economy and conservatism of its management.

# The Natural industrial center of the west

THIS is one of a series of advertisements based not upon our statements but upon letters from those who manufacture, live and work in Metropolitan Oakland.

**"We selected Metropolitan Oakland for our plant** because it was centrally located on the Pacific Coast, and had excellent rail and water transportation facilities, which have since been supplemented with air transport. San Francisco Bay, which joins with Metropolitan Oakland, is the Gateway of the Orient, where, without doubt, lies the future's most fertile field of export trade for Western Industry.

"Valleys rich in products of the soil flow into Metropolitan Oakland, and within a few hours' ride great forests and mines offer their wealth.

"...good working conditions all the year 'round, which draw a high class of labor...ample water, fuel and electrical power at low cost."

ARTHUR L. SMITH, Production Manager,  
*The Sherwin-Williams Co. of California.*

**And the vice-president and managing director writes:**

"...our manufacturing units are located at strategic points. For many years all of our products sold on the Pacific Coast were brought across the continent from our large eastern factories, located at Detroit, Newark, Cleveland and Chicago.

"...the writer made a comprehensive survey of available factory sites to fit



One of The Sherwin-Williams Co. plants in Emeryville, Metropolitan Oakland

our peculiar needs and finally selected Oakland as the ideal location. Some of the favorable factors were:

"Its ideal location in the Metropolitan center, with a population of 1,500,000, and a greater market, including the 11 western states, with more than 12,000,000 population.

"...a natural port of entry to the Hawaiian Islands and the Orient...a perfect climate (permitting year-round manufacturing operation), a plentiful supply of labor, and ample land for industrial and residential expansion, moderately priced."

L. W. WOLCOTT,  
Vice-President and Managing Director,  
*The Sherwin-Williams Co. of California.*

**A rare combination of advantages**

"We wished to maintain only one warehouse west of the Rocky Mountains...a shipping point that would be most nearly at the geographical center of the Pacific Slope trade terri-

tory...ample transportation facilities, not only rail and water, but motor transportation as well...a densely populated community which has a back country so rich and productive and so vast in extent that a steady growth of commerce would be insured...highly desirable that land and attractive homes be reasonable in price, the climate mild and uniform, and schools of the best.

"Metropolitan Oakland offered a rare combination of all these advantages."

J. A. HAMMOND, Superintendent,  
*The Aluminum Cooking Utensil Co.*

If your company is considering a western factory or branch tell us your requirements, in confidence of course, and we will supply you with information to help solve your problem.

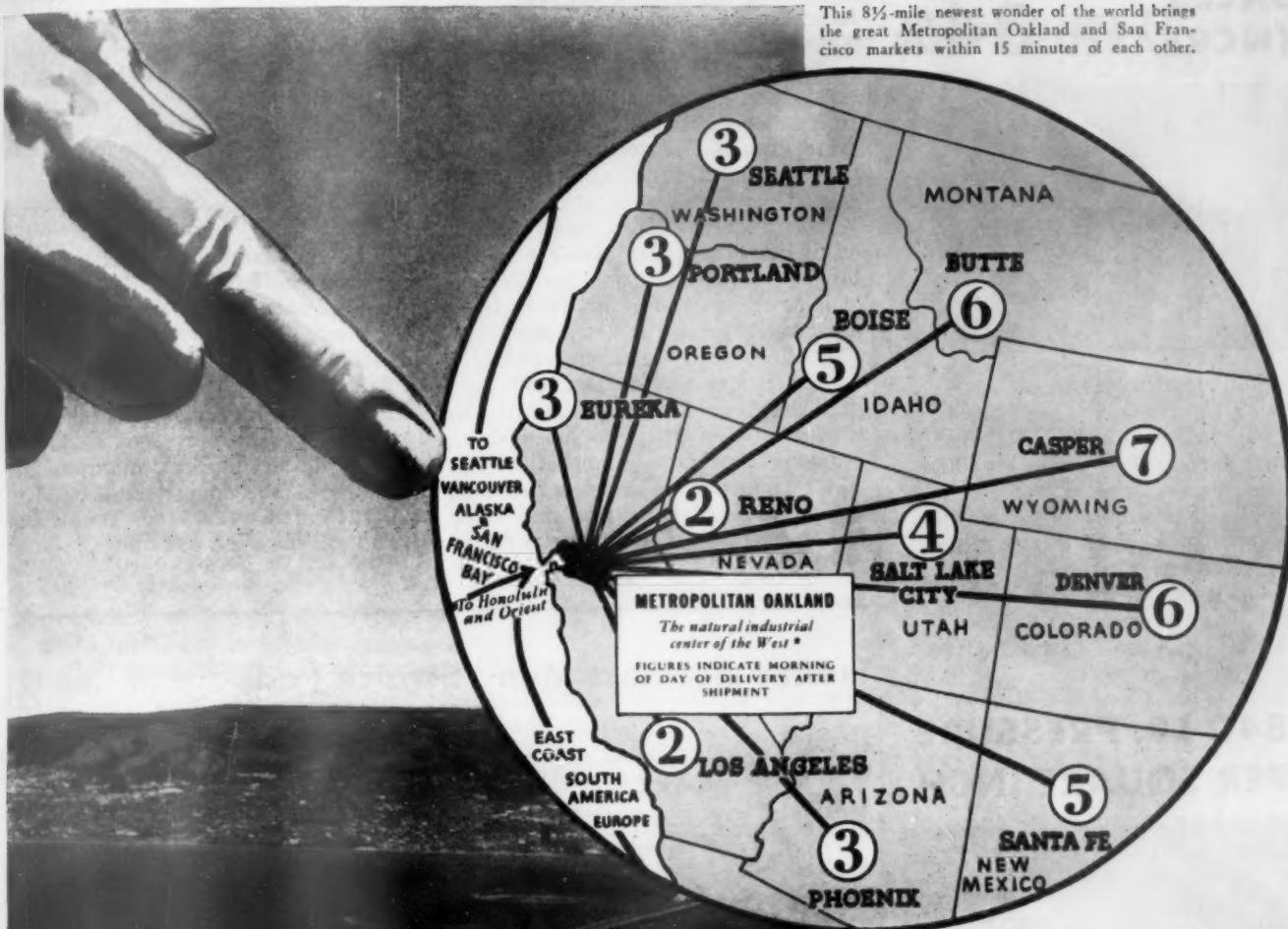
Our booklet—yours for the asking—gives data, maps and photographs. Write for it, or use the coupon.

ALAMEDA • ALBANY • EMERYVILLE • HAYWARD • OAKLAND • PIEDMONT • SAN LEANDRO

# METROPOLITAN

...including BERKELEY the Home of the

This 8½-mile newest wonder of the world brings the great Metropolitan Oakland and San Francisco markets within 15 minutes of each other.



**• KEY FACTS THAT MAKE METROPOLITAN OAKLAND "THE NATURAL INDUSTRIAL CENTER OF THE WEST..."**

**The distribution center**...the most favored location in the West; geographically, and because of lowest average freight car days and freight rates.

**The railroad center**...the mainland terminus of four transcontinental systems.

**The ocean shipping center**...over 40 steamship lines to west and east coast ports, South America, the Orient and Europe.

**The riverways center**...river boats provide low-cost transportation to inland cities and agricultural sections.

**The airways center**...Oakland Municipal Airport, Alameda Naval Air Base, and trans-Pacific, nationwide and coastwise aviation companies center here.

**The highways center**...paved highways to California and Coast points make truck deliveries economical.

**The industrial site center**...43 miles of improved, unimproved, waterfront, tidelands and inland sites. Many of the nation's largest manufacturers have plants and branches here.

**The power, fuel and water center**...heart of the hydro-electric power region, with low rates. Cheap natural gas and fuel oil. Abundance of pure soft water.

**MAIL THE COUPON NOW!**

METROPOLITAN OAKLAND,  
331 Financial Center Building, Oakland, California:

Please mail me free booklet, "The Natural Industrial Center of the West," and other Metropolitan Oakland information.

Name.....

Firm Name.....

Address.....

City and State.....

AND THE COUNTRY COMMUNITIES OF ALAMEDA COUNTY

OAKLAND California  
famed University of California

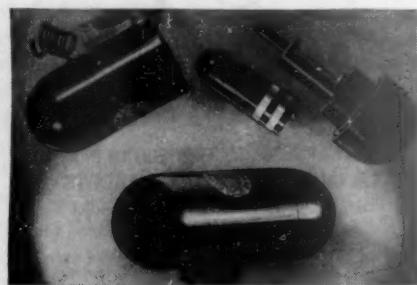
© CLYDE SUNDERLAND, OAKLAND

## SALES INCREASED 34%



Market research convinced the Larsen Baking Co. this new Durez box would step up their holiday fruitcake sales. The actual increase of 34% was far ahead of expectations—proves again the extra eye appeal and saleability Durez can give a product. This black Durez tray with ivory molded cover is sleek and beautiful, far ahead of present competition. And women will keep it permanently to serve other cakes and pastries—a Larsen advertisement for years to come.

## 840 LB. PRESSURE PER SQUARE INCH



The mercury control switch used on the Globe dry-pipe automatic sprinkler is a good example of the unusual specifications Durez can meet. With this system, the pipes are kept under 150 lb. air pressure, which drops when a sprinkler head lets go. The control switch then closes an electric circuit, opening the water valves. Fire underwriters approved this switch after it withstood an internal pressure of 840 lbs. per sq. in. without distortion. (Only 750 were required.) Durez is the ONLY material that could meet all the Globe specifications as to tensile and electrical strength, resistance to water, mercury and heat.

**DUREZ** is a hot-molded plastic, simultaneously formed and finished in steel dies. STRONG . . . LIGHTER THAN ANY METAL . . . HEAT-RESISTANT . . . CHEMICALLY INERT . . . SELF-INSULATING . . . WEAR-PROOF FINISH.

Why not let Durez bring these same advantages to your product? For further information and a copy of monthly "Durez News" write General Plastics, Inc., 154 Walck Road, North Tonawanda, N. Y.

GENERAL PLASTICS'  
**DUREZ**

makes the buyer liable for knowingly inducing or receiving any discrimination in price prohibited by the Act, he will find all irregular price concessions dangerous. The mere fact that seller and buyer are in the same state does not answer the question, because the seller may have other customers outside the state or who ship outside the state, and in either case he cannot legally grant the buyer a discrimination as against them, nor one to any or all of them as against the intrastate buyer.

As long as a buyer purchases at quoted prices and terms, and does not seek discriminations for himself, except as they may be justified by differing methods or quantities in which he purchases or takes delivery, he is safe from liability as a violator of the Act. But, if the buyer requests

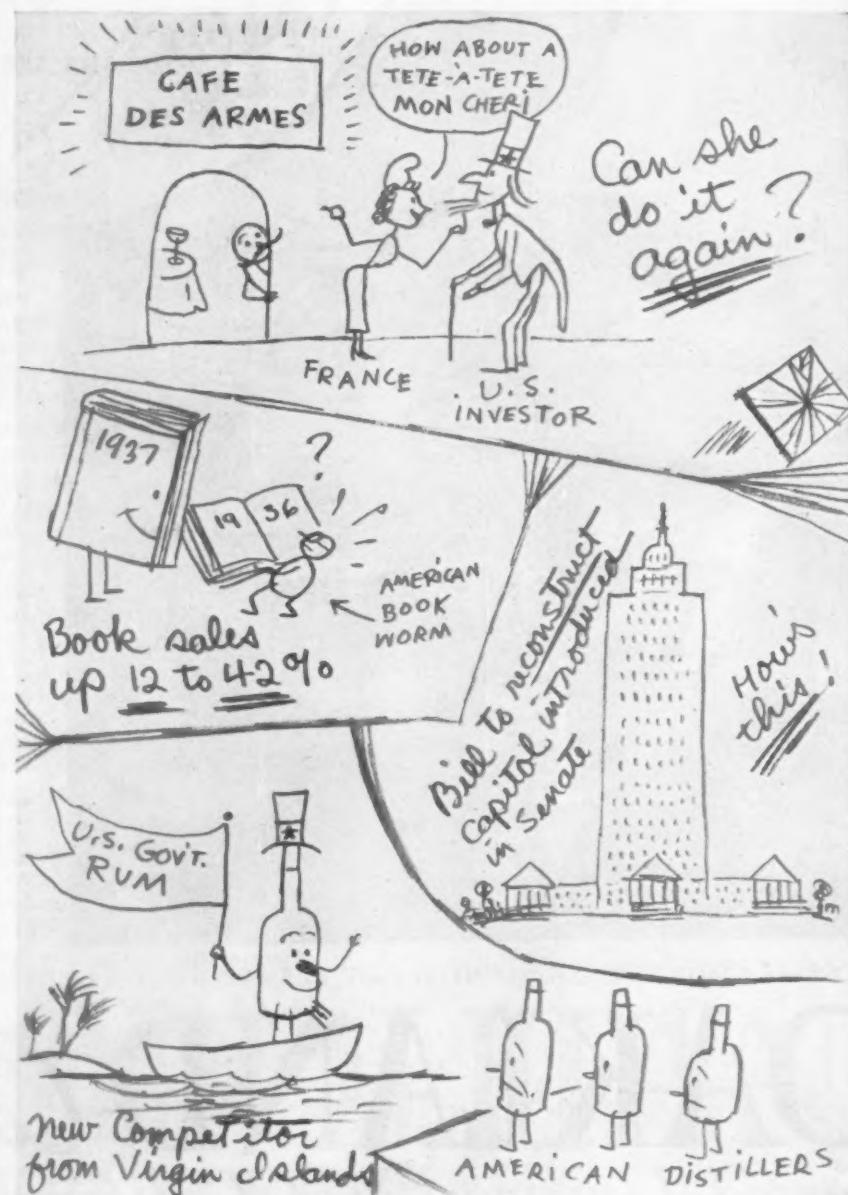
special prices, without justifying them on a basis of differing conditions, and if the special prices prove to be discriminatory, then it would be difficult indeed for him to sustain the claim that he did not knowingly induce them.

### Buyers may be liable

OR if the buyer claimed special prices on the basis of differing conditions of sale or delivery, and if the seller advised that they were not justified, but granted them under protest, and they proved to be a violation of the Act, it would be hard for the buyer to deny that he knew of or induced the discrimination. In such a case, the buyer would be just as liable for the violation as the seller.

The old section of the Clayton

### From a Business Man's Scratch Pad . . . No. 12



Act, which this Act amends, exempted price differences made in good faith to meet competition. This Act does not; all it does is to authorize the submission of rebuttal evidence before the Federal Trade Commission showing that the lower price was to meet an equally low price of a competitor. It does not say that, once a seller has shown this evidence, he is automatically absolved from liability. The Commission may inquire about the competitor's price and, if the evidence indicates that it was illegal, it may launch a complaint against him also, and finally issue a cease-and-desist order against both. If the competitor's price was not illegal, then the Commission could inquire whether the seller first mentioned could meet the price consistently with sound business policy and without throwing a burden on other customers.

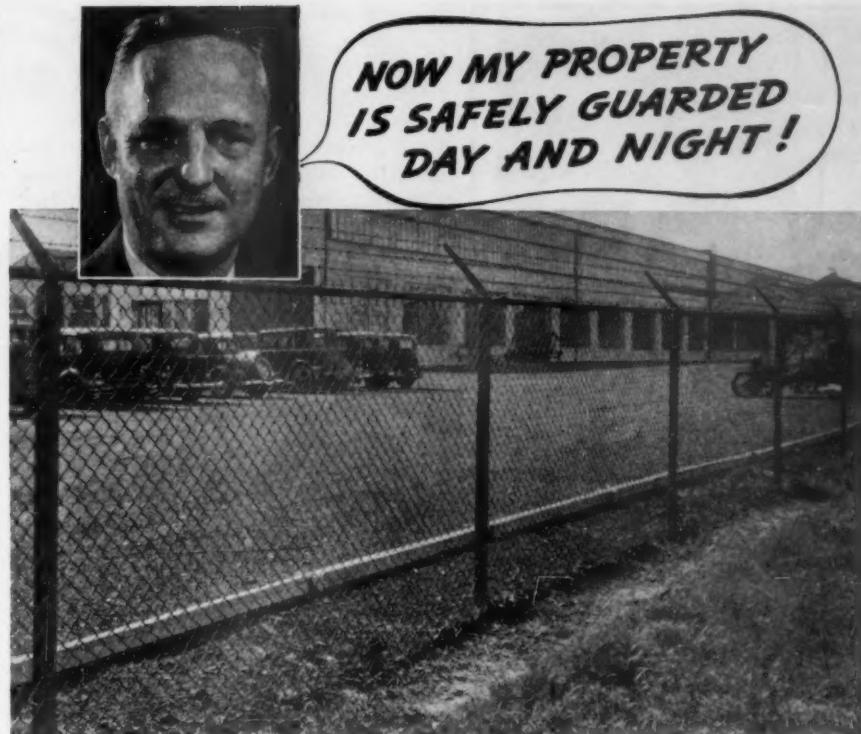
I could not advise anyone to rely upon this privilege as a justification for price discriminations otherwise in violation of the Act. Hearings before the Patman Committee showed that the special discounts and allowances granted by one leading manufacturer usually were duplicated by others. Therefore, if the clause as to meeting competition had been intended as an exemption, most of the discriminatory discounts which have been granted in the past could be continued without fear of liability, and the Act might as well not have been passed.

#### Hypothetical questions

MOST of the questions asked regarding brokerage to buyers and advertising allowances are hypothetical. The allowance of selling brokerage to buyers and their representatives is prohibited as an obvious means of price discrimination. The prohibitions of the Act as to the advertising allowances on the other hand apply only in cases of discrimination, and they are so clearly defined as to be readily understood in their application to the business in which the questioner is interested.

Naturally, difficulties and uncertainties in applying the Act may be expected in borderline cases, but this weakness is inherent in any legislation, or even in framing the simplest rule of law.

There is always a point at which distinctions merge. No advance statement, however detailed, can avoid them or provide for them. They must be left to be solved as they arise, in terms of previously settled principles, applied by a competent, impartial and independent intelligence. This is the indispensable function of our judiciary, and it is in such cases that



## HOW CYCLONE SAVES YOU MONEY THE YEAR 'ROUND

YOUR property needs protection 24 hours a day the year 'round. It needs protection at all outside points. It needs the kind of protection that thieves and burglars hate—Cyclone Fence.

Cyclone will save you money by providing this year 'round protection. And it will save you money because of its quality of materials and construction—because it will stay straight, strong and true, and last longer.

For example: Cyclone Chain Link fabric that bears the "12M" label has an extra heavy coat of galvanizing that means far longer life at no increase in price.

Cyclone gates are sturdy—they don't drag. Cyclone posts stay straight. Cyclone top rails don't buckle. These—and other exclusive features—have made Cyclone the world's largest-selling property protection fence.

Write us for full information. Our engineers, without obligation, will advise you on fence problems and furnish estimates. Prompt deliveries. And our own factory-trained, expert erection crews are available to erect your fence properly.

**CYCLONE FENCE COMPANY, General Offices: Waukegan, Illinois**  
Branches in Principal Cities  
**Pacific Coast Division: Standard Fence Co. General Offices: Oakland, Calif.**  
**Export Distributors: United States Steel Products Company, New York**



Cyclone extension arm for mounting barb wire holds wire in notches—easy to release and refasten if wire needs adjusting

### FREE BOOK WRITE FOR IT

Find out all about fences for your home as well as business property in this 28-page book packed with valuable information and illustrations. Simply clip the coupon below and mail today. Remember that this puts you under no obligation whatever. Buy no fence for your factory or home until you've seen what Cyclone has to offer in beauty, economy, and protection.

MAIL  
COUPON  
TODAY



CYCLONE FENCE CO., Dept. 447, Waukegan, Ill.  
Please mail me, without obligation, a copy of "Fence—How to Choose It—How To Use It."

Name.....

Address.....

City..... State.....

I am interested in fencing:  Industrial Property;  Playground;  
 Residence;  Estate;  School. Approximately..... feet.

## U.S.S. Cyclone Fence

UNITED STATES STEEL



### Progress His Report Card Doesn't Show!

**W**HEN Junior brings home his report card, you learn how he stands in arithmetic and geography—in manual training and deportment. But the figures never list his progress in oral hygiene. Daily, through classroom drills, he is learning the importance of massage to healthy gums—the importance of healthy gums to sound teeth.

The teaching of gum massage is one of many modern advantages of which you, in your school days, doubtless knew nothing. This dentally-approved ritual is now part of the schedule in hundreds of grade schools all over America.

Why is gum massage so vital today? Because so many of our delicious foods are too soft to require vigorous chewing. Lacking exercise, our gum walls are apt to become "touchy" and tender. Often, "pink tooth brush" makes its appearance.

#### Don't Neglect "Pink Tooth Brush"

Never dismiss that tinge of "pink" as trivial, unimportant. When you see it—see your dentist. Let him decide whether your gums need professional care or simply more work, more hard and vigorous chewing and—as so many dentists advise—the healthy stimulation of Ipana and massage.

Ipana has had the widespread support of dentists for years. Get Ipana today. Every time you clean your teeth, massage a little extra Ipana on your gums. Let it help you bring a new firmness to your gums—a new brightness to your smile.

REMEMBER—a good tooth paste, like a good dentist, is never a luxury.



**IPANA** TOOTH PASTE

it achieves its greatest importance.

Finally, our country owes its greatness largely to the measureless opportunity it has offered to individuals of ambition and ingenuity. The evils that gave rise to this law were destroying opportunity and weakening the social and economic fabric of the entire nation.

The viciousness of price discrimination is that it enables big concerns to crush smaller competitors, regardless of their ability, in many instances, to serve the public more satisfactorily. Mass methods present certain opportunities for efficiency in providing services and commodities, and the Act enables the continued realization of these advantages.

Ambition, ingenuity and talent, however, are as likely to crop out in owners of small businesses as in the directors and managers of million-dollar corporations and, when they do, it is essential that they have an opportunity for full expression, free from the oppression of mere competitive size and power.

The small business man is the backbone of local community life; his enterprise is the core of its inspiration and the main support of its educational and spiritual institutions. To protect him in his opportunities to serve and give the public firsthand the fruits of his genius and industry, seems to me one of the most praiseworthy objects of government. No manufacturer or distributor who

accords his customers that comparative and equal treatment to which he would feel entitled if he were one of them, need fear liability under the Act.

#### Criticism has abated

IT IS evident that business men are gradually finding that out. Last year, while the Act was before Congress, it was widely condemned and the adverse criticism continued after the bill was enacted. Now, however, that attitude is being modified or reversed. A questionnaire released in January by the Associated Grocery Manufacturers of America shows a large majority in favor of the restrictions imposed by the Act on quantity discounts, brokerage and advertising allowances—a majority even among voluntary and corporate chains responding. So far as this questionnaire is representative it shows that a majority of the grocery industry also favors application of the law to both buyers and sellers while 75 per cent of the food manufacturing and distributing branches of the industry approves the intent of the legislation.

Although those opposed to the Act have been more vocal than its supporters, there is no doubt that a great many in all affected industries are becoming more friendly to the Act because they are finding it easier to obey than they had anticipated.



"Good Heavens! He's painting-over the McKechnie account."

*Architectural Concrete*WALLS AND ORNAMENT MONOLITHIC  
WITH FRAME AND FLOORS

MID-SOUTH

Mid-South Cotton Growers Association Building, Memphis, Tenn. S. &amp; W. Construction Co., builders, Walk C. Jones and Walk C. Jones, Jr., architects. Gardner &amp; Howe, engineers.

## YOUR BUILDING CAN BE AS DISTINCTIVE AS THIS

And the best of it is, distinction can be achieved *economically* by building with architectural concrete. The savings lie in the use of *one* material for the whole structure—reinforced concrete. And in modern methods of "forming" to create any detail desired.

Architectural concrete buildings are fire-safe and rigid. They endure weather extremes, storms, even earthquakes. Maintenance costs are a minimum.

In recent months hundreds of new factories, theaters and public

buildings have been given distinction with little or no extra expense for appearance's sake, by building with concrete. Ask your architect or engineer how this material can serve your business, your community. Or write for one of our engineers to call. Let us send you "*Beauty in Walls of Architectural Concrete.*"

**PORLAND CEMENT ASSOCIATION**  
Dept. 4-44, 33 W. Grand Avenue, Chicago, Illinois

A National Organization  
to Improve and Extend the Uses of Concrete

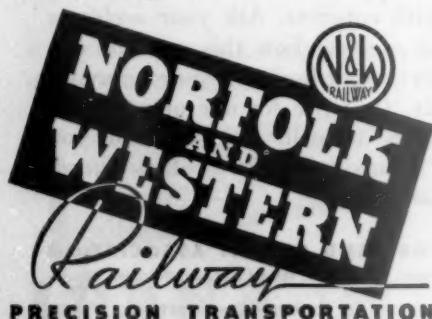


*Train*  
**TRAVEL  
SAVES** *time*

A man's time is valuable. That's why more people are using the trains these days. They can work as they travel. In Pullmans and in coaches, writing tables are provided for the passengers' convenience. Smooth roadbeds, air-conditioning, and insulation against noise now make working en route pleasant and profitable.

### FOR ECONOMY TOO GO BY TRAIN!

• Train travel is also the most economical means of travel. Passenger fares are lower than they have ever been—in fact, you may now go by train much cheaper than you can drive your own automobile. Next time—between the Midwest and the Virginias and Carolinas and between the North and the South—travel via the Norfolk and Western Railway.



## A Calendar for Business

By HENRY H. HEIMANN

Executive Manager, National Association of Credit Men

HABIT and custom meet us at the cradle and, too often, follow us to the grave.

It isn't so many years ago that men used to put on their shirts by pulling them over their heads. Then one day some designer did enough original thinking to develop the vest-style shirt.

Similarly, the calendar year is so thoroughly a part of our lives that we have assumed that the business year must correspond to it. A few industries, bolder in thought and action, instead of beginning the new business year January 1, have begun it at the low point in their industry's operations.

There is no necessity for every business to use the calendar year as the framework for its fiscal year. In fact, many businesses are wasting money in doing so. Recently the natural business year has been proposed to replace the calendar year for business closings. What is this natural business year?

### A year that fits operations

THE natural business year is any consecutive 12 month period coinciding with the cyclical operation of the particular business. That is a logical plan.

Every business has a low point in the course of a year and that low point is the most logical time to take inventory, analyze receivables and liabilities, and perform all the other operations that most firms now undertake at the first of the year. These jobs can thus be handled in dull weeks rather than busy ones.

There has been some misconception as to the demand of tax laws in connection with the closing of business books. The law does not say you must close your business year December 31. It permits a firm which wishes to change the accounting period from the calendar to the natural business year to do so, and provides that "the net income shall, with the approval of the Commissioner, be computed on the basis of this new accounting period."

To develop an appreciation of the fiscal year program, the Natural Business Year Council was organized in November, 1935, through the initiative of societies of certified public accountants. To help firms in any particular industry in appraising their

natural business year, the Council has published suggested fiscal closing dates for practically every type of business activity.

### Various businesses; various years

IF YOU are in the advertising business, your closing date should coincide with the calendar year because December 31 is your natural business year date as well. But if you manufacture automobile accessories, your natural business year begins between July 31 and August 31. The automobile manufacturer will find real economy in adopting September 30 as a closing period.

The book publisher's natural business year ends January 31, as does the dry goods retailer's. Packers find October 31 the best closing date, but hardware retailers and hospitals will find December 31 their natural business year closing date.<sup>1</sup>

Briefly, some of the advantages of adopting a natural business year are:

First, it permits taking inventory at the low point in the natural cycle of an industry's operations. Thus inventory taking does not interfere with productive operations which, in many lines, are high at the close of the calendar year.

Second, the inventory at the close of the natural cycle of operations will be generally lower in raw materials, goods in process and finished goods.

Third, when inventory is lower, its value can be more accurately determined. Slight variations in valuation of individual units will make less difference than if the inventory were large.

Fourth, greater stabilization of employment is possible. At the end of the natural business year, operations are at a low point and inactive personnel can be diverted to inventory work. This obviates the necessity of employing additional people for this task, something that is often unavoidable when inventory is taken at the end of the calendar year.

### Distribution is seasonal, too

THESE advantages have been recorded with manufacturing and processing firms mainly in mind.

They hold true fundamentally for wholesale and retail enterprises as well.

The wholesaler knows that the orders he receives from retailers for seasonable commodities rise and fall at approximately the same time each year.

<sup>1</sup>Information as to suggested fiscal closing dates is available from the Natural Business Year Council by application to its office at 135 Cedar Street, New York.

To meet the demand, he, himself, will place added orders with his suppliers somewhat before the retailers' orders begin to come in. At this time, and for some time thereafter, his inventory, accounts payable and accounts receivable are higher than they will be when seasonal demand declines.

The wholesaler's natural business year will accordingly come after the period of greatest demand from his customers and before he begins to replenish his inventory.

Thus the natural business year develops greater liquidity. This condition arises because of the reduction in accounts payable and receivable. These accounts tend to vary directly with the inventory.

But there are other advantages, for instance, economies in accounting. It is possible to obtain audits which are not made under the pressure that results when all audits are concentrated in the period from December 1 to April 30.

This obviously would tend to develop better work.

#### Better picture of operations

THE closing at the end of the natural business year enables you to review your past operations with confidence because the figures you are reviewing give you a complete year's cycle of operations. You can thus plan for the future on a sounder, more comprehensive basis.

At present, the average production executive utilizes the period between high seasonal activity for plant repair, new installations and the initiation of new productive appliances.

And what is good for the plant is good for the financial end of business and for the sales program.

Finances and distribution, after all, are as important to business as production.

The adoption of a natural business year will also help your credit department.

Instead of having credit reports go through your credit department in tremendous volume in the first two or three months of a new calendar year, your credit department will have a constant flow of financial statements and operating results. This will allow better appraisal of factors in connection with credit operations.

Likewise, your banking needs could be better appraised and your banking requirements given more businesslike consideration.

Many firms have already adopted the natural year. Many more would find it to their advantage to do likewise.



● The value of any package of merchandise cannot be determined except through use. Tires, too, are packages—packages of mileage.

The cost of your tire package can never be determined until the mileage of that tire is run. The initial price is unimportant. To determine cost you must divide price by mileage.

It costs more to build a General Truck Tire because of the way it is built. Thousands of truck operators know it costs less to use Generals because of the way they perform.

General Truck Tires have always been built stronger—to do their work better and deliver greater mileage.

Your General Tire dealer offers you the benefit of his factory-training and practical truck tire knowledge. He may be able to reduce your tire costs materially.

**THE GENERAL TIRE & RUBBER CO. • Akron, O.**  
In Canada—The General Tire and Rubber Company of Canada, Limited, Toronto, Ontario

**STRONGER**—All plies are full plies anchored at the bead—no floating "breaker strips"—every inch and every ounce is there for just one purpose—to produce more miles and a lower cost for you.

**COOLER**—They flex uniformly without that heat-producing "hinging action" of ordinary breaker-strip tires. Heat kills the life of cords and cuts down the miles in a tire. Generals are cool—that's why they run more miles at a lower cost for you.

**"COMPACT RUBBER" TREADS**—All tires stretch due to fatigue in the fabric, but Generals, having no idle, half-way plies, stretch least of all. The tread is kept compact and compressed against the road—that's why it produces more miles and reduces your cost.

## GENERAL TRUCK TIRES

## Rain, Rain, Go Away

(Continued from page 25)

tainly expansion, and *bona fide* reinvestment of earnings in replacements and improvements within reasonable limits should be encouraged. "Reasonable" is a term breeding dispute. The fixing of arbitrary limits upon expansion and replacements from earnings—say a certain percentage of earnings or a certain ratio to invested capital—might be acceptable and would give some welcome relief from the present hardship.

The same difficulties of conflict in taxation trends arise with demand for liberalization of the Act in a fourth respect. This tax was designed

to help prevent huge accumulations of surplus and to shake down corporate earnings into taxable dividends to be put into circulation by the individual recipients. Consequently, as the Act stands, surplus can be built only by paying penalty of expensive tax for the privilege.

That doesn't much matter to a strong, rich company whose till is well lined with a substantial surplus created in prior years. It can distribute the bulk of its earnings without much fear of the future. But it matters a terrific lot to a smaller, struggling company whose previously saved earnings have been pretty well

used up coming through the depression. What will happen to that company when the next slump comes—even a brief one—if it isn't permitted to build in prosperous times an adequate reserve, a cushion against inevitable business bumps? The answer is indisputable: Its doors will close, its employees lose their jobs, its stockholders lose their investment—in short, that business will go under.

The short-sighted policy underlying this result of the law will inevitably result in ruin if adhered to. It jeopardizes not only the companies themselves but the federal revenue as well because, taken in the aggregate,

## Making the Surtax Bearable

**W**HEN the Revenue Act of 1936 was before Congress, the Chamber of Commerce of the United States took the position that the basic principles of this surtax were unsound and should not be incorporated in the revenue laws. The principles, however, were substantially included. Later developments, in the judgment of the Chamber's Committee on Federal Finance, have justified the Chamber's stand. If, nevertheless, this method of raising revenue is not abandoned, it is important that the major imperfections of the statute be identified and remedial action taken.

In a report recently submitted to the Board of Directors, the Committee summarizes the disadvantages of the law and suggests improvements:

**1. Action in this session of Congress.** If the surtax upon undistributed corporate profits is not abandoned as a method of raising revenue, it is important that the Congress during the current session should remove the most inequitable and harmful features.

**2. Outstanding defects of the law.** The defects which receive most criticism are:

1. Conflict between state and federal laws, most apparent in the case of corporations with impaired capital.

2. Exceptional and unfair burdens placed on corporations with outstanding debts contracted in good faith.

3. No allowance for current earnings used for business expansion and for other appropriate corporate purposes.

4. Failure to provide relief for corporations bound by contracts which do not meet the requirements of present relief provisions, but which, in fact, operate to restrict dividend payments.

5. Establishment of the time of dividend payments at such a date as to impose unreasonable or impossible conditions.

6. Coercion of corporations into doubtful fiscal policies and generally weakening their financial structure.

7. Ambiguous and harsh provisions which supply the basis for excessively restrictive regulations.

**3. Methods of alleviating defects.** Adoption of the following modifications of the surtax would contribute greatly to alleviation of its outstanding defects:

**Base of surtax.** While the base of the normal tax should

be made to correspond more closely with true income, yet regardless of what modifications may be made in the normal tax base, it should be clearly established as a general rule that the surtax should apply only to the true earnings of corporations as determined by proper accounting methods.

In the determination of such true profits, there should be allowances, not now deductible, for losses actually sustained and shown on the books; and for reasonable reserves, actually established and essential to the prudent conduct of a business, to meet, for instance, contingent liabilities, inventory and investment losses, and other obligations.

**Special allowances.** In addition to the deductions now permitted before application of the surtax, there should be allowances for:

1. Amounts *bona fide* required to be paid or set aside for the payment of indebtedness, restoration of depleted capital, or to meet reasonable contractual requirements of a nature that actually restrict the ability to pay dividends.

2. Amounts actually expended for additions, betterments, improvements, expansion or development up to a reasonable percentage of income.

3. Permission to carry business losses forward over a reasonable period of years.

A simple though inadequate corrective measure which would cover, in part, the allowances and which would alleviate some of the present difficulties and hardships, would be to permit corporations to retain a reasonable portion of their taxable income free from the surtax; the portion most commonly suggested is 30 per cent. Such a measure combined with adjustments in the base of the surtax would greatly improve the existing law.

**Time Limitations.** There should be relaxation of the present restrictive requirement that income subject to the surtax must be determined within the taxable year of a corporation and dividends must be paid within that year if credit is to be obtained.

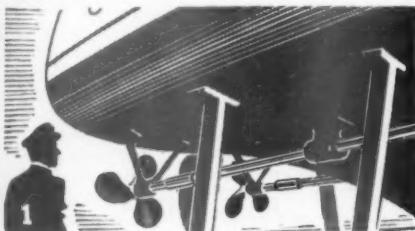
**4. Revenue effects.** If, after all possible reductions in expenditures are made, the necessary modifications of the surtax should threaten to reduce revenues to a point which would mean delay of a budget balance, additional revenues should be sought through other taxes less inequitable and less harmful to economic progress than the surtax.



**William Stark Newell**  
President of Bath Iron Works—Shipbuilders

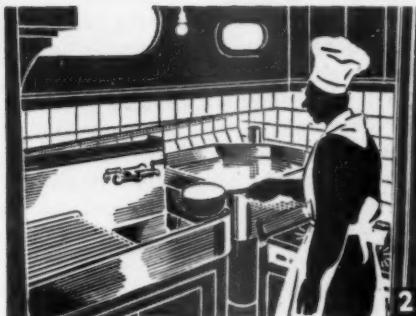
"Rust and corrosion rob the ship owner of his property . . . exact their tribute in repairs . . . but they're harmless when exposed parts are MONEL."

"In our shipyards on the Kennebec, we've built 'most every kind of craft afloat . . . from trawlers, coast guard vessels and naval vessels to private yachts of all types.



1. "And, since practically all of our boats are built for ocean-going service, we know how badly salt water corrodes and weakens most metals. But not Monel.\*

2. "So if you ask where we use Monel, I'd say, 'Wherever we need to balk rust or salt water corrosion.' For instance, Monel is practically standard equipment in our galleys; for sinks, refrigerator linings and



working surfaces of tables, dressers and urn stands.

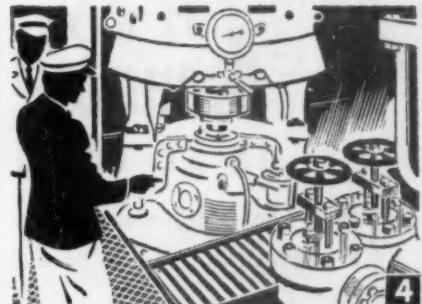
3. "In trawlers and fishing craft, we use Monel (or Nickel-clad Steel) for sanitary fish-holds. Any corrosion is, of course, the worst enemy of cleanliness and sanitation. But



Monel can't rust, and it stubbornly resists corrosion.

4. "In engine rooms are many items of equipment that require great strength: pump rods, pump shafts, auxiliary turbine shafts, condenser

heads and surge tanks. When we make them of Monel, we know their strength will never be impaired by rust or corrosion. We depend, with



complete confidence, on Monel for salt water service."

*In building ANY machine, if you want to save weight, consider Monel. For Monel is stronger than steel, and needs no extra allowance for loss of strength from rust or corrosion, not even corrosion by brine, most acids or caustics.*

#### FOR EXECUTIVES ONLY

How MONEL cuts costs, builds sales, swells profits, pays dividends is told briefly, concisely in *Strength Plus*.

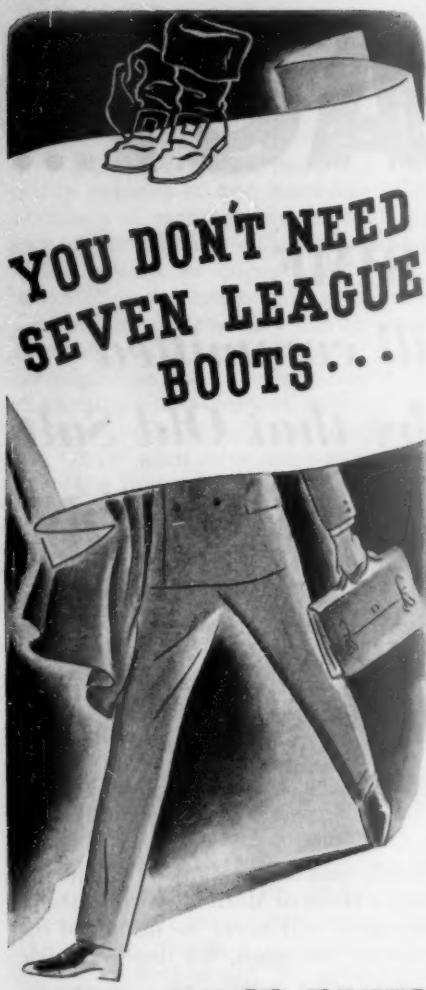
Easy to read, factual, *Strength Plus* is mailed on request to industrial executives only. Write on business letter-head. Room 1800.



THE INTERNATIONAL NICKEL CO., INC., 67 WALL STREET, NEW YORK, N. Y.

$\frac{2}{3}$  NICKEL +  $\frac{1}{3}$  COPPER = MONEL

\*MONEL is a registered trade-mark applied to an alloy containing approximately two-thirds Nickel and one-third Copper. This alloy is mined, melted, refined, rolled and marketed solely by International Nickel.



AT HOTEL  
**Lennox**  
IN ST. LOUIS

Hotel Lennox is just a step from everywhere you want to be and everything you want to see in downtown St. Louis. . . . You'll enjoy the superb comfort, excellent food and genuine hospitality of this modern, up-to-the-minute hotel.

**RATES** 50% of all rooms rent for \$3.50 or less, single; \$5.00 or less, double.

**HOTEL**  
**Lennox**  
Ninth and Washington  
• • • Within One Block of Hotel  
Mayfair • Under Same Management  
SAINT LOUIS, MO.

these individual businesses are the source of the taxes. If they don't survive, they don't pay taxes. The shaft aimed at the huge, wealthy corporations has miscarried—the weak ones, the small ones are hit.

In view of experiences of the past five years no one can deny that every corporation needs a liquid surplus sufficient to tide it through tough times. But it can't be denied either that some corporations have withheld too much from distribution—far more than they need—to the disadvantage both of their stockholders and the revenue.

Certainly an attempt should be made to arrive at a happy medium. Just what amount is a reserve reasonable to the needs of the business, of course, varies in every case. It is a matter of opinion and impossible of accurate determination. It would seem, however, the least to be done by way of amendment to the present Act would be to fix an arbitrary allowable reserve based on ratio to earnings or capital and permit its creation from earnings free of surtax.

Those are the principal complaints on the new law: those are the chief respects in which the Act needs liberalizing if it is not to choke and stifle the corporate wellspring of revenue. Procedurally, a reasonable time after the close of the year should be allowed within which to make dividend distribution, for it is a rare bookkeeper who can tell on December 31 just what the company's profits may be, just how much it must distribute in dividends to hold the tax to a minimum.

This year directors have guessed at more than the amounts to be dis-

tributed. They've guessed at a multitude of devices by which to reduce surtax liability, avoid a charge of excessive surplus accumulation and, at the same time, apply current earnings toward debt reduction, plant improvements or expansions and building a cash cushion against business reverses. The papers have been filled with reports of distributions of bonds, stocks or scrip thought to represent payments of dividends. Whether they are dividends within the meaning of this Act can't be foretold with assurance. There's considerable doubt about them; their status will have to be determined by the courts. But in any event a corporation can't continue forever issuing stock or evidences of indebtedness: the tax must be faced eventually.

#### Problems have been postponed

THIS first year business has done the best it can under the new law, leaving the solution of the many new problems it raises for the future. The surtax on undistributed profits is here to stay. That seems to be consensus of present opinion in Washington. Repeal seems impossible because the tax has been so effective as a revenue raiser and as a money starter.

But it is fervently hoped this present Congress will realize the defects of a taxing act which apparently assumes—and wrongly—that earnings are always liquid and can be distributed immediately and completely, and it is hoped, too, this Congress will see fit to alleviate these provisions which seem to business men so outstandingly unsound and unjust.

## What's Coming in May

★ ★ ★

### Uncle Sam, M. D.

By Paul A. Williams

A plan to regiment the practice of medicine in the United States through a system of health insurance is developing in Washington. Under it, wage earners would be required to pay insurance premiums for medical services whether they used them or not.

### Planaceas

By H. C. Dale

Many people are still captivated by the idea of remaking the traditional economic system and substituting some scheme of national planning. However, the planners cannot agree as to what should be done.

### \$10,000 a Year and "Extras"

By Carlisle Bergeron

A Washington correspondent itemizes some of the emoluments that go with a job in Congress and explains how some members augment this income from other sources.



Silver foxes are "freaks." Pairs for mating bring thousands since owners prefer to keep them and improve the strain

## Fox Market Moves West



With \$500,000 worth of furs on hand, 35 armed guards patrol the auction building. Buyers must have credentials



Furs are displayed for two days before the auction. Buyers inspect and record numbers of lots on which they expect to bid



Ninety buyers attended first Hamburg auction, paid \$540,000 for 7,530 silver fox skins

**B**ACK in 1909, Edward, Henry and Walter Fromm bought a pair of silver foxes and entered the fur business.

Soon four Fromm ranches covering 10,000 acres near Hamburg, Wis., were devoted to fox raising. Kennels were built. So was a laboratory where a chemist supervises the diet—including eggs, milk, cream, cod liver oil—of baby foxes. Veterinarians fight diseases, including distemper which causes losses up to ten per cent each year. Two hundred other employees care for the foxes, douse them with flea powder, clean kennels. All necessary if the 20,000 pups raised annually are to have healthy, first grade pelts.

Then, in 1925, the fox fur business collapsed. The Fromms decided to build new markets.

Silver fox had always been used for scarves. Women didn't want scarves. Fromm experiments showed the fur could be used for capes, garments and wraps. They coined the phrase "bright with silver" describing fox fur. Then they advertised in style magazines. They devised fur creations which won the approval of fashion experts. They attached a medallion to each fur sold. Customers who return the medallion to Fromm's receive pedigrees of the foxes whose skins they wear.

Business picked up.

In February, 1936, Fromms tried another innovation. They held their own fur auction at Hamburg. Auctions had always been held in New York. Experts said buyers would not come to Wisconsin. Ninety came, paid \$540,000 for 7,530 skins.

Encouraged, Fromms held another auction in August in a new auction building, three stories high, 200 feet by 40.

Recently, Fromms announced that they will hold two auctions annually hereafter, that other independents will sell at Hamburg, that a new advertising campaign will start soon. Depression may have moved silver fox capital to Hamburg.

—MARTIN FRANCES

**IF WE STOOD AS WE SIT!**

A 60 Year Old Body  
At the Age of 40!

You wouldn't STAND like this . . . WHY SIT LIKE THIS? DON'T give incorrect sitting posture the chance to deform your body, rob it of suppleness, of health, and bring on premature old age! Nature supports the abdomen with heavy walls of muscles but faulty sitting posture eventually weakens them. Vital organs are cramped, middle-age ills meet with little resistance . . .

DO/MORE has developed comfortable Executive Chairs that encourage correct sitting posture. Furthermore they provide the means, through an ingeniously developed back for you to alternately exercise and relax while at your desk. This gives the intestines and other organs of the lower torso a gentle

massage and the abdominal muscles a stimulating workout while sitting.

This chair will be placed on trial with responsible firms or individuals without obligation.

# DO/MORE

Licensed by Posture Research Corp.

Do More Chair Company, Inc.  
1010 Monger Building, Elkhart, Indiana  
Gentlemen: Without obligation, please send me folder describing:

Clerical Chairs..... Executive Chairs.....  
Factory Chairs.....

© 1936 D M C Co., Inc.

## Is Use of Natural Resources Waste?

(Continued from page 35)

Because physical waste is tangible and economic waste is not must be the reason that the lawgivers of Texas exclude economic considerations from their otherwise enlightened enforcement of gas and oil conservation. Thus the drilling of unneeded wells is not discouraged but in effect promoted, even though that activity involves obvious waste in large amount through the premature expenditure of capital. The row upon row of idle derricks are imposing landmarks of industrial enterprise but they are also impressive monuments to the waste resulting from surplus development; interest and taxes run wild even though the oil and gas are shut in.

### Change need not be waste

THERE appears in the verb "lay waste" a shade of inference that change from the natural state commonly involves waste. Similarly, some degree of sanctity seems to attach to the adjective "primeval" and so fervent have become the followers of this particular conservationist cult that they make preservation of untouched forest lands and protection of wild life the chief concern of conservation.

The picture sometimes developed of the American continent after these three centuries of occupation by the white invaders is that of a land well nigh laid waste or, at least, mercilessly robbed of its natural beauty. Readers of current appeals to "save the continent," if at all susceptible to emotional propaganda, might be led to look upon their forefathers as congenital wasters.

In effect, this looking backward phase of conservation resolves itself into the question whether the progress made in utilizing America's natural wealth could not have been brought about with more economy of human effort and less waste of resources, had the colonists started their development program under the guidance of a National Planning Commission.

To be more specific, have the boundless areas of fertile land and splendid forests, the uncounted power streams, and the secret vaults of mineral treasure, surpassing in variety and abundance those of any other land, been utilized to good advantage or has the effort of the American pioneers and their successors resulted in waste of resource outweighing all visible benefits to

mankind? And was all this use, waste, even though our predecessors may have thought they were successfully accomplishing their simple purpose of making a better living here than had been possible elsewhere?

Undeniably, the rich resources of our land have been put to use. Has that development, then, carried in its wake widespread waste so disastrous as to mean that we who are now entering upon the fourth century of occupation of America are existing on the surface of a despoiled, depleted, and essentially worn-out continent? Must America be saved, lest it become merely the site of a lost civilization? Such questions are thought-provoking.

An easier approach to the nature lovers' diagnosis of our country's ills is to consider first that phase which seems most to arouse emotional reactions:

Are aesthetic and economic values wholly incompatible? Does use for material ends generally mean waste of the beautiful?

Or, getting down to cases, is the forest primeval—meaning as once defined, "where the hand of man has not yet set his foot"—necessarily superior to the tracts of second growth or even third growth timber?

"Superior in what?" may be asked. Superior in its three-fold life-giving value, as the continuing source of raw material for industry, as the great reservoir supplying streams and rivers, and as the home of wild life and the playground of a busy people.

### Primeval forests may be tangled

THE lost beauty of nature is taken as the basis of the indictment so often laid against man, the user, that it is time to point out that an overripe forest encumbered with fallen, rotting timber and tangled undergrowth can be considered a joy forever only by employing considerable poetic license. The sylvan beauty of a second growth forest is often much more easily enjoyable, and the attraction of the younger forest is greater to the hunter and fisherman. On a strictly factual basis, these "primitive" and "primeval" concepts need to be deflated of their sentimental content.

True it is that mineral resources are non-replaceable and must be accounted as expendable—once mined they are written off the account. Moreover, many mining operations admittedly leave "repulsive scars and

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A MUTUAL COMPANY FOUNDED IN 1845  
INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK

The management of a life insurance company is one of the great assets which never appears in its balance sheet. The New York Life Insurance Company is actively managed by its Board of Directors who represent the 2,000,000 policyholders of this mutual company. Every Director serves on at least one of five general Committees

which meet regularly to supervise the Company's operations. The Directors devote their experience, their judgment, and the necessary time to this work in the interest of the millions of people protected by this cooperative, non-profit institution. The following men constitute this Board of Directors:

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**JAMES ROWLAND ANGELL**  
*President, Yale University  
New Haven, Conn.*  
**NATHANIEL F. AYER**  
*Treasurer, Cabot Mfg. Co. (Textiles)*  
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*President,  
R. H. Macy & Co., Inc.*  
**RIDLEY WATTS**  
*Director,  
Chemical Bank & Trust Co.*

## A BRIEF DIGEST OF THE 92d ANNUAL STATEMENT DECEMBER 31, 1936

### ASSETS

	For Cent of each Item to Total Assets
Cash on Hand, or in Bank.....	\$61,082,294.13 2.54
United States Government, direct, or fully guaranteed, Bonds.....	440,280,359.82 18.31
State, County and Municipal Bonds.....	228,059,533.25 9.49
Railroad Bonds.....	327,501,466.21 13.62
Public Utility Bonds.....	215,994,580.80 8.98
Industrial and other Bonds.....	26,818,027.51 1.12
Canadian Bonds.....	57,048,825.88 2.37
Foreign Bonds.....	317,330.50 .01
Preferred and Guaranteed Stocks.....	84,036,258.00 3.50
Real Estate Owned ( <i>Including Home Office</i> )	126,631,821.63 5.27
Foreclosed Real Estate Subject to Redemption	3,521,041.35 .15
First Mortgages on City Properties.....	404,236,105.38 16.81
First Mortgages on Farms.....	7,867,995.97 .33
Policy Loans.....	361,232,688.26 15.02
Interest and Rents Due and Accrued.....	29,154,196.50 1.21
Net Amount of Uncollected and Deferred Premiums.....	30,338,272.23 1.26
Other Assets.....	115,616.16 .01
<b>TOTAL.....</b>	<b>\$2,404,236,413.58 100%</b>

### LIABILITIES and RESERVES

Insurance and Annuity Reserve.....	\$1,957,638,266.00
Present Value of Future Instalment Payments	97,225,326.62
Dividends Left with the Company at Interest	100,709,573.83
Other Policy Liabilities.....	16,054,897.36
Premiums, Interest and Rents Prepaid.....	11,284,946.96
Miscellaneous Liabilities.....	3,337,471.86
Reserve for Taxes .....	5,856,238.81
Reserve for Dividends payable to Policyholders	38,233,060.00
Special Investment Reserve.....	50,000,000.00
Surplus funds reserved for general contingencies .....	123,896,632.14
<b>TOTAL.....</b>	<b>\$2,404,236,413.58</b>

Bonds eligible for amortization are carried at their amortized values determined in accordance with the laws of the State of New York. All other bonds and all guaranteed and preferred stocks are carried at market values as furnished by the National Association of Insurance Commissioners. Securities amounting to \$36,145,051, included above, are deposited as required by law.

Over 199 million dollars was paid or credited in 1936 to policyholders and beneficiaries. This is a measure of the Company's service in a single year in providing human comfort and family protection. On December 31, 1936, the Company had 2,722,956 policies in force guaranteeing insurance protection of more than six and a half billion dollars, to be exact, \$6,660,968,484.

The 451 million dollars of new insurance issued and the 46 million dollars paid to the Company by men and women for annuities in 1936 reflect continued public confidence and participation in the cooperative security offered by the New York Life.

As we enter 1937, New York Life continues in its preeminently strong financial position.

*A more complete report listing the securities owned by the Company will gladly be sent upon request.*

**THOMAS A. BUCKNER, Chairman of the Board**  
51 MADISON AVENUE, NEW YORK, N. Y.

**ALFRED L. AIKEN, President**

**SAFETY IS ALWAYS THE FIRST CONSIDERATION . . . NOTHING ELSE IS SO IMPORTANT**

# ACCOUNTANCY

One of America's best paying professions



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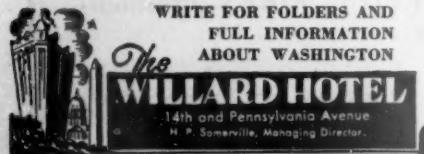


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blemishes upon the fair face of Mother Earth," even though improved mining methods are now reducing the extent of such gashes. Yet, researchers for the sites of abandoned mines and prospects are sometimes surprised with the speed with which nature covers up old wounds.

#### Creating new lakes

CONSIDER, first, the most extensive and numerous surface excavations in this country, the open-cut iron mines of northern Minnesota—it takes little imagination to see these mines, when worked out, as hundreds of additional sheets of blue water—fish reserves if you please—in that "land of ten-thousand lakes."

The most notable instance of engineering faith moving a mountain is Utah Copper's open-cut mine at Bingham Canyon and here two general disclaimers of spoliation may be offered:

First, that the terraced slopes, 1,600 feet high and representing 30 years continuous efforts of power-shovels slashing at the mountain sides, are no more lacking in beauty than nature's own sculpture in the same mountains.

Second, as offsetting this change from the natural condition, must be credited to utilization not only the 4,000,000,000 pounds of copper made available for use by the whole world, but the local advantage of a third of a billion dollars spent in Utah for wages, supplies, and taxes.

The fear, entertained by some more materially minded conservationists, that our mineral wealth will eventually vanish leaving man poverty-stricken is based on misconception. "Lost minerals" expresses the idea of complete consumption and hence eventual exhaustion, but practically only the mineral fuels, coal, oil and gas, are consumed with the using and of these we are blessed with the largest supply, nearly 99 per cent of the original deposit, in the form of coal, from which the other two may be manufactured.

Of other essential minerals, such as those used in construction, many are available in essentially unlimited quantity, while the metals, both ferrous and non-ferrous, can be used over and over. Indeed, one of the marvels of the metal situation, often overlooked by those who worry over America's future, is the extent of salvage of used metal.

A recent pronouncement speaks of the prevailing neglect of scrap metal as "the great blind spot of the world's metal economy" and says further that the use of scrap is "beginning to penetrate the consciousness of America." The plain fact is that

Americans early become conscious of the value of scrap. For instance, a hundred years ago, my grandfather made periodic trips over what is now U. S. Highway No. 1 to a furnace on the Maine coast to exchange old metal for new, his only way of getting the nails and iron bars needed in his little shop on a back-woods farm. The extent to which this old and everyday process of saving waste material has "penetrated the consciousness" of American industry, is indicated by the fact that in 1929, the metal scrap picked up in a single year in the United States for reuse, is figured to have had a value of \$1,000,000,000.

These huge accumulations above ground of useful metals far outweigh, especially in real worth to humanity, the gold reserves of our own and other nations. Nor are these metals ever idle; they are in constant circulation, in use for a few years and, when retired because of obsolescence, soon made available for reuse. Through this constant reincarnation of metal, the skeleton of a 1937 automobile may contain some vertebrae from a Rolls-Royce of other days; and copper that once sailed the seven seas as ship sheathing may have later settled down in a brass knocker on an old New England house. But aside from any sentimental significance, the humble junk pile adds decades to the useful life of the metal mines of the United States.

Without sacrifice of quality, the iron and steel in a new automobile represents about 40 per cent of scrap and in the brass and bronze parts the content of reused metal may rise to 60 per cent.

Conservation should be looked upon as providing an engineering problem, not a political slogan. Efficiency by wise use with avoidance of waste is the engineer's thought as he looks out over the wide expanse of America's resources. He seeks to save both material and energy; and energy saving, expressed in its highest terms, is making the best use of human energy. The emphasis being put upon "natural" in "natural resources" is more an emotional than a logical phase of conservation.

Ruskin, who sought to get away from terms that smacked of the market place, defined value as "the life-giving power of anything." While most of us would not yield one iota in our aesthetic appreciation of nature as possessing life-giving power, none should assert that the efficient use of natural resources as the basis of industry and commerce is a wasteful procedure.

Emerson long ago remarked that "economy does not consist in saving the coal, but in using the time whilst it burns."

## Consultative Supervision

(Continued from page 46)  
sonal worth as to make them worthy partners in any business.

By this essentially democratic process, management will not only reduce the area of conflict with employees and lessen the possibility of government interference in labor matters, but will create an organization which is effective in technical operation and particularly satisfying in the matter of human relationships.

Obvious difficulties and disadvantages are involved in the consultative technique. In the first place it is slow. Second, it will entail the necessity of gradually replacing hair-trigger executives and table pounders with open-minded, conciliatory, and convincing men who are true leaders. In defense of its slowness it may be claimed that what it loses in speed it gains in thoroughness and quality.

A few replacements, a series of conferences skillfully conducted to develop and shape basic attitudes among supervisors, will produce remarkable results in a comparatively short time.

### Produces cooperation

WHILE not suggested as a panacea for all personnel management problems, consultative supervision and management offers one of the best and immediate approaches to the proper and satisfactory handling of personnel relations problems, and will result in the development of about as high a degree of cooperation from employees as it is humanly possible to attain. Properly and sincerely practiced by an alert, intelligent executive and supervisory group, it should result in:

Improved morale from the top executive down to the lowest graded employee because each has been considered important enough to be consulted.

Increased efficiency of organization operation because of such improved morale and the following factors which are inherent in the consultative method:

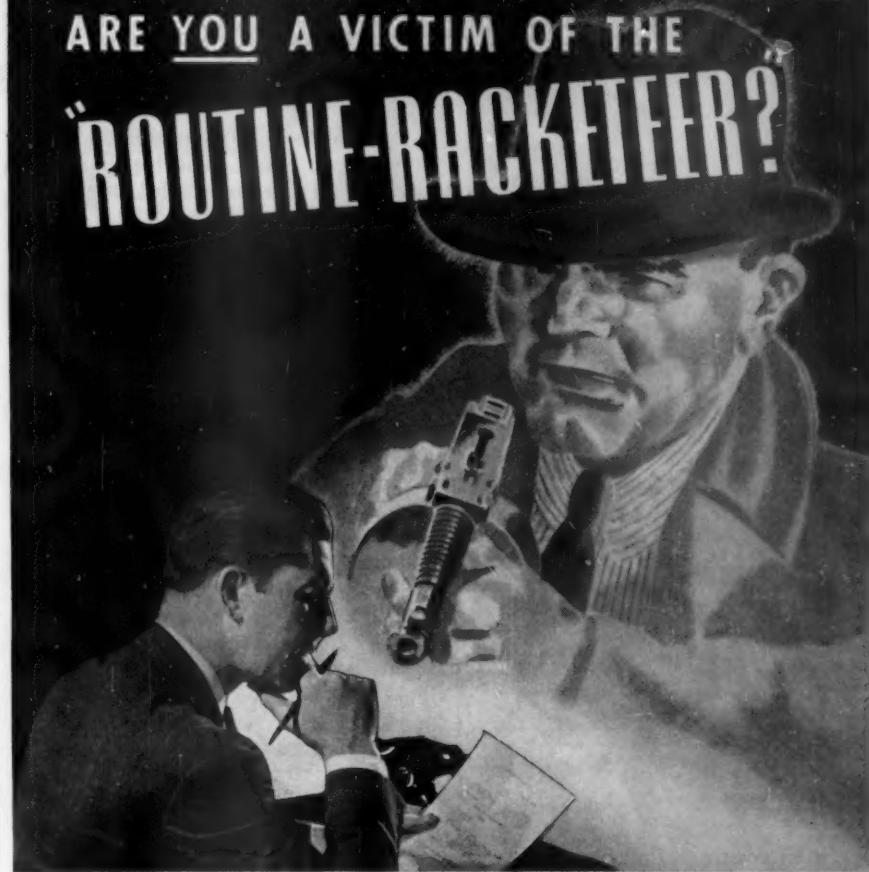
Better planning through the exercise of collective judgment.

Smoother execution because of better planning and the knowledge of employees' feelings and attitudes.

Greater and faster personal development of everyone in the organization because the consultative procedure involves challenging and stimulating the minds of all.

It is hardly too much to prophesy that, in the future, economic survival will be determined more by the technique of personnel management than by any other phase of management function.

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## Easy Money, Easy Boom, Easy Collapse

(Continued from page 28)  
little or no check. The top has been lowered on the boom that might develop.

The employment of these antidotes provides no certainty of a check of the tendency to speculative excesses. An unusually large supply of credit, especially when the rates are low, is likely to break out in speculative activities in securities or commodities or real estate. When the credit supply is great and rates of interest excessively low, the credit released for one purpose, even a constructive purpose, can in time manifest itself in non-constructive uses.

The Reserve Board can assume a greater control of the money market, but it is deterred in part by the dilemma in which the Government finds itself.

### The banks and government bonds

THE Treasury, forced to borrow so much, wants the lowest terms possible because the cost of carrying the public debt is tremendous. It has been able to obtain funds at extraordinarily low rates.

The banks, so many sources of revenue closed to them, found government securities one of the few available forms of earning assets. In a short time they became a sort of government-investment trust, with an increasing federal deficit their major asset.

This deficit-financing is, of course, inflationary. It creates new deposits. The Treasury borrows from the banks, giving its bonds as collateral, and the bank sets up deposits for like amounts. It is a bookkeeping entry, adding huge supplies of money to the existing volume. These new supplies are checked out, flowing into the deposits of individuals and concerns and adding to the already huge credit expansion that both the Treasury and the Reserve Board are trying to prevent.

The situation is further complicated by the fact that any strict control measures that would prevent undue credit expansion would also force up the market rate of interest on commercial loans, and, if the interest rate on new, long term loans goes up, the price of the Government's low interest bonds will fall.

This would mean that the Government not only would have to pay a higher rate of interest on new loans but that the price of its old, low interest bonds would fall, and that it would be a costly matter for the

banks, now holding so much of the federal debt. It would affect the Federal Deposit Insurance Corporation, too.

Meanwhile great damage, some of it irreparable, is being done to the thrifty, the saving, endowed institutions and the small investors—rank and file of American citizens who try to put a little aside for a rainy day or for old age, who seek to invest their small earnings safely.

### Destruction of investments

WE know that a government can confiscate the property of its citizens by inflation. The experience of the past three years has demonstrated, too, that the same government can lower the purchasing power of the thrift of its citizens and destroy a considerable portion of the principal of their investments.

Savings depositors, for example, know today that the income from their savings has been reduced by more than half under the policy of easy money. Under normal conditions, the banker pays an adequate rate on savings accounts, because he knows he can lend them out at a higher rate, thus assuring both his customer and himself a profit. But for more than three years there has been practically no demand for new capital and the bankers, other sources of revenue closed to them, have used their funds to buy government securities. The lending and investment activities of the banks have been greatly restricted by several laws, and fields for the extension of credit have been greatly narrowed. The cost of Federal Insurance of Deposits has been an added burden.

The banks have been forced to extremes to make ends meet, and one of the extremes has been to lower the rate of interest on savings deposits to a point where it no longer is an incentive to save. Still further reductions are being made.

### Endowments are hard hit

THE loss of income from bonds and mortgages, due to the cheap money policies, also falls heavily on endowed institutions, those educational, philanthropical and research organizations which largely benefit the lower income classes.

The refunding of bond issues into lower interest rate long-term bonds has caused losses of income to nearly all who have savings invested in bonds. There is no doubt that this loss

will continue for some years, for even if the rate moves back to normal, the present holders cannot reap benefit from an increase in the market rate of interest. Investors who change from high grade to low grade investments, to increase their income, sacrifice safety.

Under existing conditions, the investors' purchasing power is being greatly curtailed. Refunding, stimulated and made easy by the cheap money policy, dilutes investment. It mainly benefits the high grade borrowers, who could stand a reasonable interest charge. If a bond issue at four per cent is called and refunded at three per cent, the investor having no other place to invest, must take the lower rate. His earnings and his purchasing power are correspondingly reduced.

When rates stiffen, the price of the bonds goes down. In that case, a material portion of the investor's principal is destroyed.

#### Bonds will sell lower

THAT is why the banks are not buying any too many industrial issues at present. They are sold at a premium, due to the wild scramble of investors for some haven of investment, and, when rates go up, the price will go down. When that time comes, the banks would have to take a loss. They may have to take such losses on their Government bonds.

On top of all this, the Government is doing its best to dry up the sources of new capital. The Revenue Act of 1936, for example, now makes it impossible for the corporation or business to create new cushions of undistributed earnings against another depression except at the cost of a large penalty tax.

Heretofore corporation surpluses have been one of the greatest sources of new capital. Now profits are forced into distribution, and much of them go into consumable goods or speculative activity, because the holders of stocks who receive them have lessened incentive to save.

If we are to restrain the manifestations of dubious employment of credit, as the Federal Reserve Board evidently anticipates will be necessary, the money rate should be left to normal forces.

Any way you look at it, an undue continuance of very cheap money simply removes one more retarding influence to speculative booms. A rising rate slows down the amplitude of the cycle, and that is what this country needs, for no economic system yet devised can eliminate the fluctuations which are due to human nature's tendency to hope too much, to fear too much.

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## Farmers Need Not Be Guinea Pigs

(Continued from page 32)  
in the sales field. The dairy industry now advertises its milk, butter and cheese; the growers of walnuts, pecans, and peanuts are using printers' ink.

The answer to the question of whether advertising pays is to be found in Department of Agriculture reports on milk sales in New York, Boston and Philadelphia during the late summer and fall of last year. In New York City, where milk was advertised, the consumption increased 14,300,000 quarts, although it had been steadily declining. In Philadelphia and Boston, where there were no similar campaigns, milk sales dropped about 8,000,000 and 7,000,000 quarts respectively. Cost of the New York campaign was paid initially by the state which was then reimbursed by the farmers and milk dealers through an equally-shared tax of one cent per 100 pounds of milk sold.

Here is a new kind of cooperative undertaking, born out of depression, that seems to merit wider trial. There is ample evidence that a large part of the population is underfed. This state of affairs is due, perhaps, as much to money being misspent on things other than food—things that in no sense could be classed as vital necessities—as it is due to lack of money. The right sort of cooperative advertising by farmers might well divert some of these funds to more wholesome uses.

The fourth and last grand division of technical advance is that represented by the industrial use of farm crops as raw materials. The idea is not new, years of scientific research are behind it, but the depression has given it a prominence that makes it one of the major hopes of agriculture.

World changes in agriculture are tending to make nations more and more self-sustaining, which means that somehow we must broaden our markets at home. One way to do this is by cultivating on American soil those agricultural raw materials we now import. The other way is by finding new uses for our crops in our manufacturing industries. We are following both of these methods.

Soy beans provide the almost perfect example. Introduced in this country more than a century ago from China they were first grown in the South. Acreage was limited, however, and the beans were fed mainly to hogs. Practically none of the American production went into industrial use, regardless of the fact that soy bean oil was being imported from

China for use in the paint industry. Then research tackled the soy bean.

In 1935, almost 5,500,000 acres in 27 states were planted to soy beans alone, and an additional acreage was planted with corn and other crops for forage. This was an increase of one-third over 1934. Almost 21,000,000 pounds of American-produced soy bean oil was used by industry. About half of this went into the making of paint and varnish.

The rest went into soaps, linoleum and oilcloth, printing inks, edible compounds, and various other industrial products including automobiles. Gear shift knobs, engine distributor covers, ornamental door handles and other parts of automobiles are now made out of soy bean meal. Chemists have found more than 300 possible uses for it.

### Producing our own needs

CASEIN, a dairy by-product used widely in industry and particularly in the manufacture of certain grades of paper, is another example of what may be done with many farm-produced materials now imported. According to the U. S. Bureau of Dairy Industry, two-thirds of the casein required by American factories in 1920 was obtained abroad. As late as 1929, about one-half was imported. However, in 1934 home producers supplied all but four per cent of our needs.

American factories buy nine-tenths of all the tung oil China produces, although American-refined tung oil is superior. Southern families aiming at this market now have 250,000 acres in tung trees—it will require 1,000,000 acres or more to fill the national demand. The American textile industry annually imports hundreds of millions of pounds of starch and we are doing something about that too. Only recently at Hattiesburg, Miss., they proved that southern sweet potatoes yield a better starch and the return is \$40 per acre to the farmer for the starch alone.

The Farm Chemurgic Council estimates that 50,000,000 acres may be planted to industrial-use crops within the next ten years "if man sets himself to the task." The Council estimates 8,000,000 new acres to provide woodpulp for paper and paper stock, a forecast based on the success of the experiments by Dr. Charles H. Herty with fast-growing southern pines. A paper plant to utilize southern pulpwood is now being built in Georgia at a cost of \$4,000,000.

It is estimated that the use of cot-

ton as a reinforcing material in road construction will consume the output of 3,000,000 acres. Displacement of flaxseed and linseed now imported would add 3,500,000 acres to the American farmers' income-producing plant. And so it goes.

### Many new crops are possible

THE South abounds in unexplored possibilities for new crops. In southern Florida, coffee and cacao may be grown if sheltered by larger trees. Rubber from American-grown plants is still a possibility. Artificial temperature control to protect plants like the tung tree from winter frosts is gradually being developed to a practical stage.

No discussion of industrial-use crops can be complete without mentioning cotton. Through chemical conversion into cellulose, its uses have become literally hundreds. Cotton seeds, once a waste, now have a value of more than \$200,000,000 in a cotton crop of \$1,500,000,000. Cottonseed oil, the hulls, the linters, the meal and cake, all have become valuable.

Coated fabrics such as "Fabrikoid" consume millions of pounds of cotton. Cotton enters into the manufacture of cements for leather, textiles and paper; into waterproofing compositions, smokeless powder, guncotton, blasting gelatin, mine explosives, toilet articles, electric insulators, motion-picture film, golf balls and fingernail polish. The list is almost endless.

Rayon is perhaps the outstanding example of chemically-wrought change in a raw material. This first man-made textile fiber, while it might be said to compete with cotton, at the same time really is cotton metamorphosed. And as rayon it has taken its place in fields where cotton as such never has entered. In the aggregate, it is said that the chemist has added \$10 a bale to the normal-time value of the cotton crop, and there is no reason to believe that all the possibilities have been exhausted.

So technical improvement has been the buckler and shield of the American farmer in the past, and again the farmer is looking to technical improvement to show him the road to future economic security. The scientist can be expected to do his part.

Likewise, the agricultural engineer may be relied upon to translate the discoveries of science into means for practical use.

The time will come when we will look back and see in these days of stress what we then will recognize as the birth throes of a new and greater agricultural industry. And history will record as its birthplace, not the halls of the lawmakers, but the fertile acres of America's progressive farms.



Bur-Kay Furniture Galleries, Inc., Fifth Avenue, N.Y.  
Architect: J. Lewis, New York City. Photos courtesy  
Pittsburgh Plate Glass Co.

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The textile, shoe, metals, and 200 other types of New England industries profit from that section's skilled labor, nearness to mass markets, fine tradition of quality, and general spirit of cooperation.

Full information about this area may be secured from New England Gas and Electric Association, Cambridge, Mass., or from our Industrial Development Division, 150 Broadway, New York.



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There is an economical size and thickness of KIMPAK for packing every type of merchandise. Modern KIMPAK is clean, snowy-white, light, absorbent, flexible, and as easy to use as a piece of string. To learn how KIMPAK can solve your shipping problems, just write us for free portfolio of samples. Please address nearest office on your Company letterhead.



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## Thine Own City

(Continued from page 62)

became of our earnings. I presume our family has the usual run of expenses. We buy medium-priced food, clothing and furniture. So part of that money buys us an equity, not alone in the retail stores our family enters, but obviously in other marketing, distribution and manufacturing structures and facilities which handle these goods from raw materials to our kitchen door. Perhaps, too, I am more of a farmer than I thought. I probably own also, not only most of the family automobile, but some share in the farm and factory vehicles and vessels just as they have some small share even in mine.

Next, I pay insurance premiums for life, health, fire, windstorm and other protection, and these insurance companies invest 60 per cent of my funds in urban properties, much of which is in my own city. I have an idea that my various insured near relatives have equities in homes and properties not very far from me.

When I'm off the road, we contribute our mite to the "movie" industry and attend musical and theatrical productions. We visit our local, state and national parks. We look in on art and other museums, zoos and libraries. We try to guard our health and keep out of hospitals. So, by and large, I guess we have bought our share of many amusement and recreational enterprises. I don't begrudge that.

### Property bought with taxes

THEN there are the taxes. Some direct, but lots more indirect where I'm sure I can never find them. I'm getting more and more inquisitive, however, since I've discovered my many equities and interests. I'm rapidly adding to my visiting list the several tax collectors and the local, state and national government legislators that levy them. And, since they know I know what they do with my money, they are taking notice of me. I know not only the names but the faces of my city aldermen, my state legislators and my Congressmen. When I meet them face to face, I find most of them are real fellows who take their jobs seriously.

I tell these various government officials I'm keeping my eye on the way they vote and what they vote for. I've told them it's purely a business proposition with me. I remind them that they require me to balance my family and business budgets or stand the legal and penal consequences. So, I

am likewise holding them to balance their governmental budgets or stand the ballot consequences. We don't mind paying legitimate taxes and service rates for things that improve my town or fellow-townsmen. But, we won't long stand for waste or public extravagance that we cannot afford privately.

Any annual balance of my income after ordinary expenditures, I am putting into nest eggs for our old age. I've learned since 1929 not to keep these eggs all in one basket. I've gotten a lot more interested in my several baskets since I've taken the trouble to see what I own and which of my various agents selects the property. I recommend that my friends do likewise. It takes time and trouble, but it's paid me big profits. I own a lot more of my town and other towns than I formerly knew of. So I'm taking a lot of interest in city developments.

I'm for modernization of city improvements. We must keep abreast of the times and our competing cities. I'm for city planning and zoning, for they are about the only known methods of stabilizing property values. I believe I am a better *Cityzen* now, too.—A. P. G.

## Handcuffing Old Man River

(Continued from page 74)  
as an engineer squarely behind the idea of a unified national program, to be administered by competent government authority. The Chamber of Commerce of the United States, upon a referendum of its membership, asked Congress to assume the responsibility and pay for the construction and maintenance of protection works. President Coolidge recommended to Congress an appropriation of \$296,400,000 and the job of spending this money and bringing the big river under control was handed to the Corps of Engineers of the Army. Maj. Gen. Edgar Jadwin, then Chief of Engineers, after thorough study by his Department, submitted a plan for floodworks on the main river, which combined the use of levees, spillways, and auxiliary floodways.

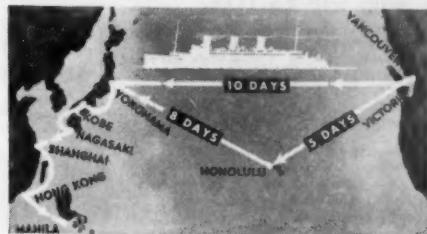
This "Jadwin Plan," involving the raising of levees an average of three feet from Cairo to the Gulf, and the use of about 20 per cent of the alluvial plain for auxiliary floodways—to protect the other 80 per cent—has now been brought to practical completion, and has proved its worth in the severe test given by this winter's flood.

The matter of controlling the Mis-

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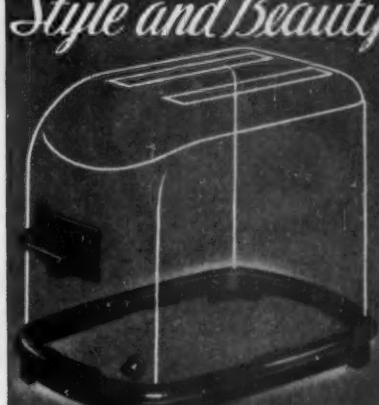


Japanese girl with lantern

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Style and Beauty



"Toastmaster," showing heat insulating foundation of Reynolds colored plastics

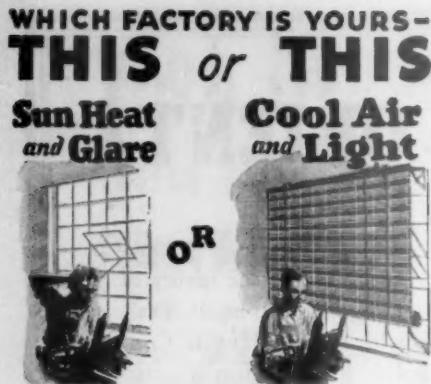
"Toastmaster," in the highly competitive field of electric household utilities, helps hold its markets and increase its sales by taking full advantage of those powerful sales appeals: style and beauty and utility. That is one reason why the McGraw Electric Company came to Reynolds for the foundation parts of the latest model "Toastmaster"—for they write that the plastics parts Reynolds produced for them blend with the design and increase "Toastmaster's" style and beauty. That may be your reason for coming to Reynolds—or you may have many other reasons. The point is, it weighs heavily upon you to discover how Reynolds Plastics can help solve your pressing manufacturing and marketing problems.



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sissippi River is by no means conquered but it is no longer guesswork. Many technical problems are yet to be solved, but the Army Engineers are getting results. They have learned many things. They have learned how to turn an attack by making the river fight against itself. They have learned how to slow up the water in threatened areas, so that the river will deposit silt instead of cutting it out. The points that need protecting are known, and just how much protecting they will need in any given flood is also known.

Sometimes, however, Old Man River goes on a rampage that nobody can do anything about. Sometimes there aren't enough men, and there isn't enough money.

If the disaster on the Ohio this year taught anything it is this: that flood control, on the tributaries as well as the main stream, is a national problem, and cannot be solved by the individual effort of any city or section. There must be one plan for the whole river system, and one central command, experienced and well equipped.

It is going to be costly. It is possible that complete control of the Mississippi and its tributaries may prove too costly for the nation in this generation. Partial control we already have.

Calculation from existing records indicates that the maximum flood on

the Mississippi proper will, if confined, measure a rise above normal of 66 feet at Cairo, Ill., and 74 feet at Arkansas City. When the river, full of that flood, passes the mouth of the Red River, it will be carrying toward the Gulf 3,500,000 cubic feet of water a second. What the Ohio did this winter may cause a revision of these figures upward.

One danger which sensible plans for flood control always face is the hearing which important ears sometimes give to the strangely plausible schemes put forward by amateurs. Playing with flood control on the Mississippi is no game for amateur theorists, yet it seems to have a fatal fascination for them. Literally hundreds of people, many of whom have never seen the Mississippi, and who know nothing of the engineering problems involved, turn out schemes for its control.

A model of one of these pretty plans rested for years in Washington, in the basement of the Capitol itself, where the legislators could see it. It was built of concrete, had a spigot to fill it with water, just to show how it would work on the Mississippi itself. The plan included a cement spillway for the river to overflow in, and under a spillway an auxiliary tunnel into which the water could run "in an emergency." Whenever danger might arise, flood gates would be opened into the auxiliary tunnel.

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### A Grain Elevator Takes to Wheels

TAKING his place of business out on the road with him when his customers quit coming to him created a new market for farmers and a new business for Ben Green of Evansville, Wis.

When hard times pinched out many small grain elevators, Green went out on the highway with a special trailer to collect barley for malting plants, bought it on the

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Special grain-tight, all-steel trailers with gravity chutes in front and rear for unloading serve to keep Green's mobile elevator system in operation.

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*...but it CAN happen  
...AND DOES*



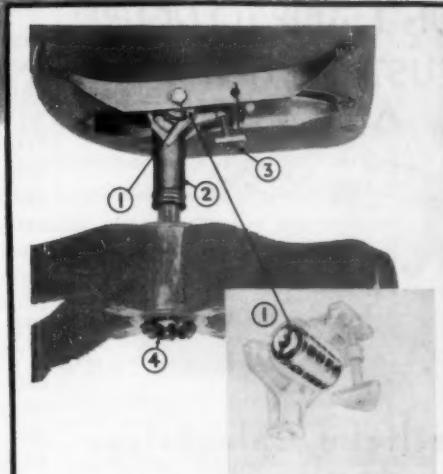
Maybe you've never done a painful somersault because a spring let go beneath your office chair. But people have—many and many a time.

The fact is the clumsy spring contraption beneath your swivel chair has been crying for improvement for twenty years. You, like everyone else, just put up with its creaks and groans, its stiff, jerky action, its dangerous insecurity. Nobody offered anything better.

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3 Fingertip tilting tension adjustment.

4 Elevating adjustment control.

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## Relief Worries Government, too

(Continued from page 22)  
was in the worst depression years—and this despite an estimated national income higher than last year's, which dwarfed anything since the collapse; despite shortages of some types of skilled labor; despite the highest factory pay rolls and employment since 1929; despite official predictions that we will regain 1929 production levels this year.

Mr. Hopkins and his experts say the situation results because technological improvement has displaced one out of every ten industrial workers, because industry continually has reduced its age limits from 60 to as low as 35, because the addition of youths to the labor corps swells the ranks of job seekers by 500,000 a year. But all of that is economic and, therefore, at least theoretically curable.

The real reason why relief is permanent lies in the relief rolls, in government, and in the people.

### Many prefer relief to work

THE truth is that, among those left on the WPA rolls today are large groups of capable workers who could meet every test required by employers except that they have come simply to prefer relief to work. There are those who have lost their skills through disuse, the men of more than 45 years who in 15 months increased from 29 to 35 per cent of the entire totals, misfits, less efficient men, unskilled classes which totalled 73 per cent of the WPA load at the last count, although they accounted for only 15 per cent of the persons with relief status who were eligible for WPA pay.

Then there is a horde from the lowest class of the working population which has flocked to WPA because the pay, designed to meet the needs of higher social groups, has enabled its members to live better than they ever did on private jobs.

To all these relief is a career and a sanctuary. To ascertain the extent to which this is true, it is only necessary to look to the construction industry which, paying higher than national averages, has protested about labor shortages while 208,376 of its skilled workmen dwelt on WPA. Contractors last fall charged that skilled craftsmen were hiding out on WPA while jobs went begging.

To obtain a hint of national conditions, Mr. Hopkins conducted sample investigations in Rochester, Milwaukee and Cleveland. He investigated

electricians, tinsmiths, masons, tile-layers, welders, machinists, structural iron workers, plasterers and others on his rolls who belonged to "trades in which shortages exist."

He found that more than 40 per cent of those on WPA rosters in the three cities were unacceptable to private employers because they were more than 50 years old, possessed physical handicaps, or because they had lost their skills due to continued joblessness or lack of competitive practice.

There is a permanent relief problem in that 40 per cent.

There is reason for alarm in the fact that another 19 plus per cent were adjudged to be of doubtful acceptability to employers. But most alarming of all, the Hopkins figures show that the remaining 39 plus per cent were fully acceptable to employers from every standpoint of proficiency, experience, physical condition and age. Nevertheless, they continued on relief in the face of a labor shortage.

Would these men work for a private employer under any circumstances?

In Syracuse there was a similar shortage because skilled workmen wanted higher pay before they would consent to leave WPA. In Sioux City, Iowa, there was an acknowledged shortage because capable skilled men actually preferred the security which was theirs as *common laborers* on WPA projects. Not even higher industrial wages or the pride in craft and self-respect, which once motivated Americans, could lure them from charity.

### Workers quit their craft

THESE men in the past have constituted the cream of America's labor aristocracy. If 39 per cent who are capable remain on relief while jobs are plentiful, if another 40 to 59 per cent have become unacceptable to private industry, if some prefer to remain in menial positions on relief rather than follow their crafts at standard rates, what must be happening to those on relief who could obtain jobs only by rustling for them?

And what must be happening among the battalions to whom relief means more money than they could earn in private industry under the best of past conditions?

The high privates in these last ranks include slipshod servants who formerly worked for families that

paid starvation wages because of their own poverty or avarice. It includes more efficient servants as well who have revolted against the long hours and low pay which have been their lot.

Then there are farm laborers, families from the beet fields whose private income is \$350 a year, berry pickers, chronically low-paid seasonal workers, persons from southern lumber mills which, according to NRA testimony, paid as little as six and eight cents an hour, workers from certain branches of the cotton garment industry who received \$4 and \$5 a week—thousands who like the WPA rolls because even its rock-bottom payments of about \$24 a month, leisurely assembled at the lowest pay of 22 cents an hour, have offered greater inducements than private employment.

If these groups returned permanently to private employment there is no reason to suppose they could obtain better than their previous incomes.

Neither could the skilled workers who have become rusty nor the second-rate semi-skilled classes expect industry, under present circumstances, to pay them as much as it pays its efficient employees.

#### Inefficient workers are kept

IT HAS been the government policy, however, to retain these classes on relief until industry does offer sub-standard workers standard wages and boosts the payments of the chronically low-paid workers to higher levels.

In some instances, as among the domestic servants, it is the policy to continue these persons on relief until the entire wage structure of their vocation can be raised.

In Montgomery, Ala., for instance, a Hopkins report discloses "a shortage of cooks in private homes because the latter were getting only \$4 or \$5 a week" and because negroes "who otherwise would work as domestics were placed on WPA sewing projects" where in three days they collected "as much as they earned in a week in private homes."

That is just a sample of conditions shown to be nation-wide, and everyone has heard of the farmers who complain that they cannot obtain steady help at what industry must regard as substandard wages. However, Mr. Hopkins says that if there are shortages of these labor types, "they must be remedied in some way other than by shutting down the works program."

"Older skilled workers must be given a chance," he adds. "Domestic service will have to be made more

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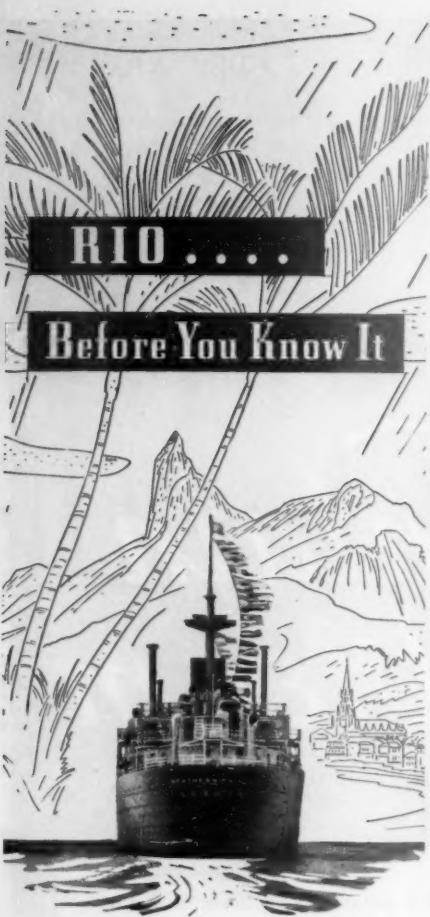
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attractive in wages, hours and social status. Farm laborers will have to earn more than the \$180-a-year family wage found on the cotton plantations. . . .

It is a sardonic commentary on our civilization that it produces large segments of population which, because of ill luck or mediocrity, can normally win no more than a semi-starvation living standard from a competitive economy. No one can but applaud efforts to raise these standards.

But, as long as the desire to avoid hunger is the chief factor motivating people to seek work, it is impossible to escape the fact that a policy of endowing them with relief to force reform inevitably means perpetual relief.

First, we must be in a position to offer these substandard workers better wages than they had in 1929 even before we can attempt to lure them from relief.

Second, we must create such a labor shortage as the nation never has enjoyed before we will be willing to pay these people what higher types of workers earn.

Third, to be practical as well as idealistic, we must recognize the truth that the longer an individual remains on relief, the less capable he is of earning any sort of living. His means to more money lie, not in efficiency, but in organizing to bring pressure on vote-conscious legislative bodies.

None of this is opinion. President Roosevelt himself described relief to Congress as "a subtle narcotic." As a narcotic it eased the pain of our depression disease; but, in drug fashion, it simultaneously has emaciated initiative, and given rise to delusions of grandeur which prompt local taxpayers to shift costs onto the national Government.

#### Morale is lowered

RELIEF thus becomes a habit which perpetuates itself. Mr. Hopkins' own figures show what the habit has done to skilled workers with jobs and good wages awaiting them in Rochester, Milwaukee and Cleveland.

At Sioux City our best craftsmen accept disguised charity and the rôle of common laborers while jobs go begging.

Here are some excerpts from a report by the New York Governor's Commission on Unemployment Relief:

In the case of some recipients an unfavorable effect may be noted in the form of the cultivation of a state of content, on the part of the worker, with his own lot. . . . The difficulty consists, rather, of a lack of incentive for the work relief recipient to seek employment in private

industry, and of the fear on the part of the prospective employees that their employment may prove transitory and that they may not then be restored to work relief. . . .

It is also undoubtedly true that an attitude has developed among some workers that the Government owes the worker a job. . . . In some respects, it (work relief) has offered too much security to the workers. Some tendency has developed to regard work relief employment both as a matter of right and as a continuing job.

#### A permanent group on relief

THUS, with politicians catering to the ever-organizing relief recipients we have borne a permanent relief class. In May, 1934, it included eight out of every hundred on relief inasmuch as, having held no private job within five years, there was no hope of them ever returning to such employment.

By December, 1935, it was 14 out of every 100; by late 1936 it was 18 and still growing, with officials forecasting that 25 per cent of all the relief employables soon would be in the group.

In view of relief-state-of-mind, is it not legitimate to wonder whether a large number of the persons who were given aid as the result of the drought will not filter down among the permanent relief clients? Some of these already have been on relief since 1934. Even then some of them were exhibiting the mental symptoms of chronic reliefitis, and federal investigators were reporting to Mr. Hopkins that in Baca County, Colo., one of the "typical" areas, "a situation which seemed to encourage families to apply for relief was the granting of assistance to some neighbor whom they considered to be less in need than themselves." The report continued:

Nearly every non-relief family complained that the present distribution of relief was in itself a cause of the demand for so much relief. Non-relief families accused their neighbors of not trying to improve their own condition. One early resident said: "Many of the pioneer families believe that present conditions are no worse than conditions that they have repeatedly passed through in the county during the past years when they did not dream of asking for relief."

#### Recruits for the relief army

AND is there any reason to believe that a similar state of mind should not be found among the many persons added to WPA as the result of the Ohio and Mississippi Valley floods, or that those among them who dislike returning to submarginal private employment should not expect the same protection provided for their colleagues who had no flood but only a yearning to forget they ever

had been domestic servants and continue participating in a WPA sewing bee at 51 cents an hour?

At this writing all Mr. Hopkins could do when confronted with such conditions was to anticipate that 600,000 would leave the rolls this spring of their own accord as the result of seasonal upswings or be kicked off temporarily as they are every year in the South to enable agriculture to function at planting and cropping time, and to justify these calculations on the ground that 780,000 were so removed in the corresponding period of last year, later to return.

The Administrator drew his cost figures on this basis; but they were framed on the assumption that the farmers who were placed on WPA rolls as the result of the drought and later transferred to the Resettlement Administration would enjoy such excellent crops that they would cease their clamor for retransfer to WPA's steady jobs at pay averaging more than 50 cents an hour. Neither did the figures take into account the flood load, the pressure of state relief administrators to be relieved of heavy burdens.

Indeed, the Government's only calculations on which it felt it could rely involved unemployment and not relief. It could only point to its evidence of technological displacements, to estimate that, because of the influx of youths, employables this year would total 52,700,000, to estimate that recovery of 1929 production levels will create 1,600,000 more jobs, lifting employment to 45,400,000 and leaving 7,300,000 still jobless in 1937, as compared with 2,500,000 to 4,000,000 at the beginning of 1929 and 5,000,000 in 1921.

#### Panaceas that won't cure

INSO FAR as these figures are accurate, insofar as the 1937 jobless are more numerous than those of earlier years and we desire to create reforms, they indicate a problem which is of legitimate concern to business. The Administration is thinking about this problem.

It is unable, however, to think of any cures other than a 40 hour week with the idea that industry could be compelled to absorb 2,600,000 additional workers without cutting wages or increasing prices, of plans to lay penalty taxes on businesses which refuse to hire more men than they need.

But none of these schemes can help the men and women on relief who, according to the Government evidence, cannot return to work because in 40 per cent of sample cases they have grown too old or rusty on

relief to meet modern industry's personnel requirements. They cannot aid the 39 per cent shown by inquiry in Rochester, Milwaukee and Cleveland as simply preferring relief. They cannot aid the broken, the misfits and the substandard workers to whom relief has brought relative prosperity and a career.

For these and all the other unemployed who cannot be absorbed by a 40-hour week and other schemes, the Government only can think of continual and perpetual relief, until somehow, anyhow, the Public Employment Service, with which they must register, can find them private jobs at prevailing wages.

The Service, however, wants to win a reputation for supplying only capable, efficient personnel, and in the past fiscal year with supposedly all persons of relief status registered as eager job seekers, it thought so little of the relief people that it obtained only 196,284 private jobs for them, as against 943,645 for non-relief applicants who were known to be eager to work.

Therefore, the White House has found it advisable to evolve a permanent relief program, and, as Mr. Hopkins puts it:

My feeling is that there has not only been a change of psychology on the part of the American people, but a change in the whole point of view regarding the whole problem of poverty. The American people are determined that the great mass of people in America shall not live in squalor and in great poverty, and that ways are going to be found by which cities, states, counties and the federal Government can see to it that these people have a minimum income to provide their children with a decent education and have decent housing.

Thus relief marches on. Hunger is staved off. But simultaneously the deteriorating effects of relief continue to eat away self-respect, courage and spirit until men become content to live on others who must support them.

They become bolder, more insistent and demand increasing relief payments, because, as the Administration has discovered by investigation, they organize and come to regard a federal endowment as the right of every person without independent means. And, organizing, the pressure they exert on local governments is transferred to a sympathetic Administration and legislators who are pliant before the groups that have a bloc voting strength.

As the individual payments rise thus nearer and nearer to private wage income, the number of persons eligible for relief similarly rises in direct ratio to the size of their private salary checks, the relief problem becomes more serious, and the vicious circle is complete.

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# MORRISON

## The Labor Point of View

*(Continued from page 17)*  
so have employers. To sign was to serve the immediately dominant interest. Unions have signed agreements they did not like because they felt that signing was preferable to costly conflict, or better than breaking relations and having no good foothold in an industry. Managements have signed because they counted agreement preferable to conflict. There are all manner of reasons. Many—a great many—managements have come into agreement with unions because they believed that course high-minded, ethical, economically and socially sound.

Ninety per cent of our railroads are operated under union agreements. Most of the membership of the American Federation of Labor works under agreement, written into hundreds of contracts between management and unions.

## **Conflict draws attention**

TODAY, with all the headlines, all the drama and tension caused by the wave of sit-downs, the sound, solid, stable condition is infinitely more massive and impressive than the disturbed condition. It probably is safe to say that if, with a thousand pedigree dogs on display, two of them started to fight, all eyes would turn toward the two, while the 998 were ignored. Some, of course, will watch because they fear the conflict may spread and embroil all the dogs—and today it is more than likely that many are watching the field with a fear that the conflict will spread.

However much a commentator may be determined to be objective, some will feel that there is a lack of objectivity in the statement that the way to avoid conflict is to reach agreement. And, it must be added, there is another way, which is to avoid giving the cause for the dispute, or conflict. That goes both ways, for there have been and will be, lockouts as well as strikes.

There will, however, be more conflict. I think no sound observer expects anything else. There are fairly large unorganized fields in which the workers may be expected to organize and present to employers a united demand for dealings and adjustment of grievances. It is not to be expected that in all of those instances will there be agreement without resistance. Whether the new and unrecognized unions will elect to use the orthodox strike, or whether they will resort to the sit-down method is be-

beyond the realm of sound prediction.

For labor, the sit-down in the automotive industry found its justification in its effectiveness. It was completely paralyzing, it prevented use of strike-breakers, it eliminated the necessity of picketing. Whether that tactic would or could be used successfully, for example, in textiles, is another matter.

Labor, in common with most other groups, determines tactics by efficacy. What works is good.

As to property rights, some labor men feel that there is a semblance of property right in the job already established and that, if that is so, then there is an inherent right to stay where that job is and to defend it. But it is no part of this analysis to become involved in law. Most A. F. of L. leaders agree that sit-downs constitute trespass. Some CIO leaders do not.

But, whatever may be the case as to legality, the realist must understand, because history has taught it, that all conflict carries within it the possibility of damage to property and the line between damage and trespass may be very thin. Every standard union strives for discipline and order in strikes, but not all have been or will be able to maintain it.

Another phase of the question needs some discussion. It need not be expected that the end of any major conflict involving newly organized workers will be followed by unbroken peace. Agreement between men and management is followed by general peace and by intended peace. It is sound illustration to say that a mob can be formed in a day; it takes living and training and association and teaching to form an army. Therefore, it would be unfair and, I think, unwise and inconsiderate, to expect that among any group of ten thousand newly organized workers some units will not "kick over the traces." It is wise to expect sophomore days—a period of adolescence—however irritable the prospect may be.

The railroads run every day. Trains are on time. Methods of adjusting differences exist. Long years of experience, discipline and the creating of practical machinery lie back of that achievement. There are unions that have lived through more than 25 years of contractual agreement with employers without cessation of work. Among these are the glass bottle blowers and the bricklayers and stone masons of New York.

On the other hand, the building trades have had long and bitter bat-

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		5	5
		3	9
		0	4
6,7	1	2	7
			0
			5
			9
			0
			6
			7
			5
			0
			0
			7
			8
3	5	0	0
	2	4	5
		1	4
		5	0
		6	0
		3	0
		0	6
		5	5

7,5 7 4.8 0 \*

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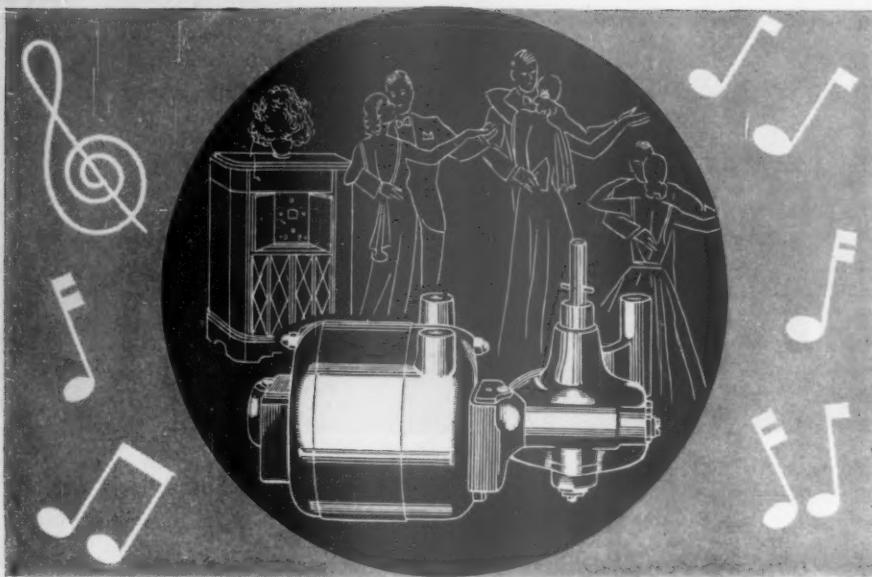
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tles over jurisdiction. The employer has been "in between" in those fights. On the whole, the record shows an extremely high rate of adherence to agreements by unions. Those who are concerned as to the future will be interested in the matter of agreement-keeping. There have been and probably will be exceptions, but the rule is that agreements are kept. Sometimes they have been kept at great cost to labor itself. Charters of recalcitrant, or outlaw, local unions have been suspended and new ones installed by national unions confronted with local contract-breaking.

### Labor is feeling better

THE paramount fact of the hour seems to be that, as far as labor relations go, a period of much readjustment is being experienced. There is an on-sweep of labor. Back of that lie some reasons, but the on-sweep is there, at any rate. "We're going to town" is a rather common labor expression just now. However, at the hour of this writing there are almost no strikes of consequence. Just about the average run of them—the day-in and day-out number. Most employed workers are on their jobs.

That some considerable numbers of them may stand ready to quit their jobs, if they judge the time right, to bring about recognition of their unions, is another matter. They cannot help but feel the sweep that has gone through great industries. They see automobiles, and steel, and the ready acceptance by General Electric of a union chosen by the employees in preference to the company union or association.

To look back for a moment, we see the launching of NRA, with its section 7(a). Labor regarded that as a charter, bestowing the absolute right to organize in fields where organization had not been possible. There was a great burst of organization. Unions grew up almost overnight. Then came the National Labor Relations Act, supplanting 7(a), continuing the guarantee. Those who go among workers know that workers consider that guarantee valid, even though it is in question before the courts. Without going further back, look there, to those guarantees, for the genesis of present-hour up-shooting of labor union strength. That is largely the "why."

Whether any great determination is generated by the rising tide of dividends, the return of earnings as shown in balance sheets, is difficult to know. There probably is some. There probably is some also that grows out of the LaFollette investigation, for such expositions usually generate resentment and resentful

finds expression in some kind of action, if possible.

But we do have a rising tide of labor organization. Barring something that cannot be foreseen, this tide will rise still higher. Every labor leader of any consequence is looking forward to an organized industrial America; and that includes both CIO and A. F. of L. leaders. They are quarreling within the house of labor, but they have just about the same aims, so far as those aims affect management.

Supposing a fairly well organized industrial America, does that indicate something fearsome, or even discouraging? The answer of management is not unanimous. Some employers fear it greatly, others welcome it and regard it as stabilizing. Labor's answer is fairly uniform and could be stated about thus:

When discipline has been achieved, mutual agreement between unions and management means cooperation, it means more contentment, it means an end of the period of disenfranchisement, it means higher purchasing power with consequently greater manufacturing and distributing activity, along with higher general living standards, and it means more hours of leisure for pleasure, for self-betterment and for consuming the many commodities that can be consumed only in leisure or free time.

The answer would be, perhaps, much longer, but that is a good summary. Now, whether it is a good answer is for each to judge. It is the answer labor would give and labor would be sincere in doing so.

#### The labor division

INTO the whole picture of immediate industrial relations there comes, of course, the division within the ranks of labor. On the one hand the CIO; on the other hand the A. F. of L. And employers ask frequently whether there will be, more or less permanently, two rival movements, two sets of unions with which to deal. In another month it will be possible to tell more about that. At this hour there is no telling with certainty.

In the divided ranks there is much talk of the desirability of reuniting. But the mechanics of reuniting do not appear. How bitter the fight may grow and how far down the line it may go is not a safe subject for prediction. Up to this time it has not gone far enough to disturb any industry. But, although there is no satisfactory answer to that question, students of history will know that periods of rapid social change may prove disconcertingly lacking in uniformity of direction. Perhaps there must be somewhat of a process of finding the right path. But the divided ranks, the possible uncertainty of direction or policy, do not mean any



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let-down in the growth of organization as such. That seems fairly clear.

It may be difficult for some to grasp and understand the feeling that helped to release the surge toward unionism under 7(a) and then, in turn, under the National Labor Relations Act. It was the insatiable craving for establishment of what workers have held to be a right—and one long denied in much of the industrial field.

That right is the right to unite and have a voice, a say, a vote. The right to be a free and equal participant. However far many employers may have gone to recognize that right, labor has felt that others did not; and more, that they blocked it with every possible device. It is not necessary to delve into the right and wrong of it; good reporting simply demands the statement of what workers have felt. If there were no impelling yearning in workers' inner beings, all the organizers in America and all the law could not have swept them into the armies that are being formed. It is good policy to know about that, it seems to me.

So then, if that is so, and I believe it is, the past three years become something of a yardstick for the months ahead, barring unforeseen developments sufficiently large to change the current.

There are several ways of meeting any change. One is to brace against it and resist. Another is to yield and cushion. Still another is to take it in full stride and go along with it.

Those who follow legislation know that the current of probable new legislation is wholly in accord with the tide that has been flowing. It would be a poor service to any part of the American industrial world to indicate otherwise.

And now, with all of these things

in view, with the tide all that the daily headlines tell us it is, should there be fright? I cannot see why. American workers have been told by the law, by the President, by labor officials and by a goodly number of employers, that they have a right to form unions. America has had unions for more years than the life span of any man now living. There is really nothing very new about them, or their conduct.

### Old principles, new tactics

OF COURSE there are slightly changed tactics, including the drama of the sit-down strike. But there have been other labor dramas, just as flaming in their time; but most readers will have forgotten them, because they were not permanently frightening or important.

By and large, the labor aim of the day fits in with the proclaimed philosophy of the political administration. Each for himself can size it up and arrive at his own verdict.

Finally, this one word about how much more boiling and moiling there may be: When two sets of views come into conflict, it takes both sides to determine how severe or how long the conflict will rage before peace and understanding ensue. It isn't just "how long will labor fight?" It is also, "how long will employers fight?" The resistance powers, the sense of right, the determination—almost the whole gamut of emotional and practical reasons on both sides—sum up to forge the decision. You never can tell anything unless you can tell everything in forecasting such outcomes. And who today can tell everything?

About all that anyone knows just now is that the moving finger is most certainly writing a big pageful.



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